

Schedule No. C-1
Jurisdictional Operating Income Summary
Docket No.

Illinois-American Water Company
Total Company
Individual responsible: S.E. Cazadd

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Period Reported 2001

Line No.	Description	Historical Period ended December 31, 1999			Future Test Year ended December 31, 2001		
		Present Rates	Adjustment	Proposed Rates	Present Rates	Adjustment	Proposed Rates
1	Operating revenues	<u>\$100,245,102</u>	<u>\$9,030,640</u>	<u>\$109,275,742</u>	<u>\$99,830,332</u>	<u>\$8,956,992</u>	<u>\$108,787,324</u>
2	Operation and maintenance expense	50,660,527	63,372	50,723,899	47,555,941	58,821	47,614,762
3	Depreciation and amortization	14,065,934		14,065,934	17,617,182		17,617,182
4	Taxes other than income taxes	5,424,742	8,092	5,432,834	5,908,984	9,687	5,918,671
5	Income taxes	<u>8,028,310</u>	<u>3,379,570</u>	<u>11,407,880</u>	<u>5,938,736</u>	<u>3,352,937</u>	<u>9,291,673</u>
6	Total operating expenses	<u>78,179,513</u>	<u>3,451,034</u>	<u>81,630,547</u>	<u>77,020,843</u>	<u>3,421,445</u>	<u>80,442,288</u>
7	Utility operating income	<u>\$22,065,589</u>	<u>\$5,579,606</u>	<u>\$27,645,195</u>	<u>\$22,809,489</u>	<u>\$5,535,548</u>	<u>\$28,345,036</u>
8	Original cost rate base	<u><u>\$265,730,873</u></u>		<u><u>\$318,491,017</u></u>	<u><u>\$318,491,017</u></u>		<u><u>\$318,491,017</u></u>
9	Rate of return	<u>8.30%</u>		<u>8.68%</u>	<u>7.16%</u>		<u>8.90%</u>

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Illinois-American Water Company
Southern/Peoria/Streator/Pontiac
Individual responsible: S.E. Cazadd

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Line No.	Description	Historical Period ended December 31, 1999			Future Test Year ended December 31, 2001		
		Present Rates	Adjustment	Proposed Rates	Present Rates	Adjustment	Proposed Rates
1	Operating revenues	<u>\$74,595,484</u>	<u>\$7,317,906</u>	<u>\$26,977,294</u>	<u>\$73,952,712</u>	<u>\$7,216,157</u>	<u>\$81,168,869</u>
2	Operation and maintenance expense	36,809,548	51,728	13,992,322	33,869,064	47,389	33,916,453
3	Depreciation and amortization	10,713,973		4,285,047	13,589,547		13,589,547
4	Taxes other than income taxes	3,921,222	6,090	14,495,865	4,598,152	7,804	4,605,956
5	Income taxes	<u>6,142,204</u>	<u>2,738,781</u>	<u>6,053,696</u>	<u>4,523,859</u>	<u>2,701,425</u>	<u>7,225,284</u>
6	Total operating expenses	<u>57,586,947</u>	<u>2,796,599</u>	<u>19,405,081</u>	<u>56,580,622</u>	<u>2,756,618</u>	<u>59,337,240</u>
7	Utility operating income	<u>\$17,008,537</u>	<u>\$4,521,307</u>	<u>21,831,629</u>	<u>\$17,372,090</u>	<u>\$4,459,539</u>	<u>\$21,831,629</u>
8	Original cost rate base	<u><u>\$200,072,396</u></u>		<u><u>69,565,189</u></u>	<u><u>\$245,851,677</u></u>		<u><u>\$245,851,677</u></u>
9	Rate of return	<u>8.50%</u>		<u>31.38%</u>	<u>7.07%</u>		<u>8.88%</u>

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Illinois-American Water Company
Champaign
Individual responsible: S.E. Cazadd

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Line No.	Description	Historical Period ended December 31, 1999			Future Test Year ended December 31, 2001		
		Present Rates	Adjustment	Proposed Rates	Present Rates	Adjustment	Proposed Rates
1	Operating revenues	<u>\$15,470,280</u>	<u>\$1,493,308</u>	<u>\$16,963,588</u>	<u>\$15,737,425</u>	<u>\$1,519,095</u>	<u>\$17,256,520</u>
2	Operation and maintenance expense	8,847,164	10,201	8,857,365	8,651,618	9,976	8,661,594
3	Depreciation and amortization	1,882,785		1,882,785	2,425,163		2,425,163
4	Taxes other than income taxes	872,766	1,780	874,546	805,737	1,643	807,380
5	Income taxes	<u>1,025,033</u>	<u>558,682</u>	<u>1,583,715</u>	<u>649,737</u>	<u>568,544</u>	<u>1,218,281</u>
6	Total operating expenses	<u>12,627,748</u>	<u>570,663</u>	<u>13,198,411</u>	<u>12,532,255</u>	<u>580,163</u>	<u>13,112,418</u>
7	Utility operating income	<u>\$2,842,532</u>	<u>\$922,645</u>	<u>\$3,765,177</u>	<u>\$3,205,170</u>	<u>\$938,932</u>	<u>\$4,144,102</u>
8	Original cost rate base	<u><u>\$41,592,425</u></u>		<u><u>\$46,667,814</u></u>	<u><u>\$46,667,814</u></u>		<u><u>\$46,667,814</u></u>
9	Rate of return	<u>6.83%</u>		<u>8.07%</u>	<u>6.87%</u>		<u>8.88%</u>

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Illinois-American Water Company
Sterling
Individual responsible: S.E. Cazadd

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Line No.	Description	Historical Period ended December 31, 1999			Future Test Year ended December 31, 2001		
		Present Rates	Adjustment	Proposed Rates	Present Rates	Adjustment	Proposed Rates
1	Operating revenues	<u>\$2,345,655</u>	<u>\$219,426</u>	<u>\$2,565,081</u>	<u>\$2,370,400</u>	<u>\$221,740</u>	<u>\$2,592,140</u>
2	Operation and maintenance expense	1,377,840	1,443	1,379,283	1,389,994	1,456	1,391,450
3	Depreciation and amortization	259,281		259,281	319,556		319,556
4	Taxes other than income taxes	143,133	222	143,355	154,534	240	154,774
5	Income taxes	<u>136,234</u>	<u>82,107</u>	<u>218,341</u>	<u>92,094</u>	<u>82,968</u>	<u>175,062</u>
6	Total operating expenses	<u>1,916,488</u>	<u>83,772</u>	<u>2,000,260</u>	<u>1,956,178</u>	<u>84,664</u>	<u>2,040,842</u>
7	Utility operating income	<u>\$429,167</u>	<u>\$135,654</u>	<u>\$564,821</u>	<u>\$414,222</u>	<u>\$137,076</u>	<u>\$551,298</u>
8	Original cost rate base	<u><u>\$5,871,825</u></u>		<u><u>\$6,208,313</u></u>	<u><u>\$6,208,313</u></u>		<u><u>\$6,208,313</u></u>
9	Rate of return	<u>7.31%</u>		<u>9.10%</u>	<u>6.67%</u>		<u>8.88%</u>

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Pekin District
Individual responsible: S.E. Cazadd

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Line No.	Description	Historical Period ended December 31, 1999			Future Test Year ended December 31, 2001		
		Present Rates	Adjustment	Proposed Rates	Present Rates	Adjustment	Proposed Rates
1	Operating revenues	<u>\$4,919,452</u>		<u>\$4,919,452</u>	<u>\$4,920,995</u>		<u>\$4,920,995</u>
2	Operation and maintenance expense	2,366,654		2,366,654	2,332,013		2,332,013
3	Depreciation and amortization	752,243		752,243	844,237		844,237
4	Taxes other than income taxes	317,321		317,321	218,455		218,455
5	Income taxes	<u>465,932</u>		<u>465,932</u>	<u>390,604</u>		<u>390,604</u>
6	Total operating expenses	<u>3,902,150</u>		<u>3,902,150</u>	<u>3,785,309</u>		<u>3,785,309</u>
7	Utility operating income	<u>\$1,017,302</u>		<u>\$1,017,302</u>	<u>\$1,135,686</u>		<u>\$1,135,686</u>
8	Original cost rate base	<u><u>\$10,582,069</u></u>		<u><u>\$11,529,436</u></u>	<u><u>\$11,529,436</u></u>		<u><u>\$11,529,436</u></u>
9	Rate of return	<u>9.61%</u>		<u>8.82%</u>	<u>9.85%</u>		<u>9.85%</u>

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Illinois-American Water Company
Lincoln
Individual responsible: S.E. Cazadd

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Line No.	Description	Historical Period ended December 31, 1999			Future Test Year ended December 31, 2001		
		Present Rates	Adjustment	Proposed Rates	Present Rates	Adjustment	Proposed Rates
1	Operating revenues	<u>\$2,914,231</u>		<u>\$2,914,231</u>	<u>\$2,848,800</u>		<u>\$2,848,800</u>
2	Operation and maintenance expense	1,259,321		1,259,321	1,313,252		1,313,252
3	Depreciation and amortization	457,652		457,652	438,679		438,679
4	Taxes other than income taxes	170,300		170,300	132,105		132,105
5	Income taxes	<u>258,907</u>		<u>258,907</u>	<u>282,442</u>		<u>282,442</u>
6	Total operating expenses	<u>2,146,180</u>		<u>2,146,180</u>	<u>2,166,478</u>		<u>2,166,478</u>
7	Utility operating income	<u>\$768,051</u>		<u>\$768,051</u>	<u>\$682,322</u>		<u>\$682,322</u>
8	Original cost rate base	<u><u>\$7,612,158</u></u>		<u><u>\$8,233,777</u></u>	<u><u>\$8,233,777</u></u>		<u><u>\$8,233,777</u></u>
9	Rate of return	<u>10.09%</u>		<u>9.33%</u>	<u>8.29%</u>		<u>8.29%</u>

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Jurisdictional Operating Income Summary
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Illinois-American Water Company
Southern and Peoria
Individual responsible: S.E. Cazadd

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Period Reported 2001

Line No.	Description	Historical Period ended December 31, 1999			Future Test Year ended December 31, 2001		
		Present Rates	Adjustment	Proposed Rates	Present Rates	Adjustment	Proposed Rates
1	Operating revenues	\$69,443,103	\$6,904,447	\$76,347,550	\$68,754,117	\$6,798,793	\$75,552,910
2	Operation and maintenance expense	33,931,417	48,731	33,980,148	31,217,526	44,648	31,262,174
3	Depreciation and amortization	10,154,707		10,154,707	12,844,009		12,844,009
4	Taxes other than income taxes	3,642,098	5,661	3,647,759	4,305,238	7,353	4,312,591
5	Income taxes	5,810,529	2,583,993	8,394,522	4,239,421	2,545,075	6,784,496
6	Total operating expenses	53,538,751	2,638,385	56,177,136	52,606,194	2,597,076	55,203,270
7	Utility operating income	15,904,352	4,266,062	20,170,414	16,147,923	4,201,717	\$20,349,640
8	Original cost rate base	\$184,835,783		229,162,615	229,162,615		229,162,615
9	Rate of return	8.60%		8.80%	7.05%		8.88%

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Illinois-American Water Company
Streator
Individual responsible: S.E. Cazadd

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Line No.	Description	Historical Period ended December 31, 1999			Future Test Year ended December 31, 2001		
		Present Rates	Adjustment	Proposed Rates	Present Rates	Adjustment	Proposed Rates
1	Operating revenues	<u>\$2,722,649</u>	<u>\$283,005</u>	<u>\$3,005,654</u>	<u>\$2,750,993</u>	<u>\$285,951</u>	<u>\$3,036,944</u>
2	Operation and maintenance expense	1,677,456	2,094	1,679,550	1,504,462	1,878	1,506,340
3	Depreciation and amortization	274,827		274,827	402,228		402,228
4	Taxes other than income taxes	152,414	292	152,706	161,162	309	161,471
5	Income taxes	<u>130,394</u>	<u>105,822</u>	<u>236,216</u>	<u>113,781</u>	<u>107,008</u>	<u>220,789</u>
6	Total operating expenses	<u>2,235,091</u>	<u>108,208</u>	<u>2,343,299</u>	<u>2,181,633</u>	<u>109,195</u>	<u>2,290,828</u>
7	Utility operating income	<u>\$487,558</u>	<u>\$174,797</u>	<u>\$662,355</u>	<u>\$569,360</u>	<u>\$176,756</u>	<u>\$746,116</u>
8	Original cost rate base	<u><u>\$7,688,326</u></u>		<u><u>\$8,402,205</u></u>	<u><u>\$8,402,205</u></u>		<u><u>\$8,402,205</u></u>
9	Rate of return	<u>6.34%</u>		<u>7.88%</u>	<u>6.78%</u>		<u>8.88%</u>

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Illinois-American Water Company
Pontiac
Individual responsible: S.E. Cazadd

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Period Reported 2001

Line No.	Description	Historical Period ended December 31, 1999			Future Test Year ended December 31, 2001		
		Present Rates	Adjustment	Proposed Rates	Present Rates	Adjustment	Proposed Rates
1	Operating revenues	<u>\$2,429,732</u>	<u>\$130,454</u>	<u>\$2,560,186</u>	<u>\$2,447,602</u>	<u>\$131,414</u>	<u>\$2,579,016</u>
2	Operation and maintenance expense	1,200,675	903	1,201,578	1,147,076	863	1,147,939
3	Depreciation and amortization	284,439		284,439	343,310		343,310
4	Taxes other than income taxes	126,710	137	126,847	131,753	142	131,895
5	Income taxes	<u>201,281</u>	<u>48,966</u>	<u>250,247</u>	<u>170,657</u>	<u>49,342</u>	<u>219,999</u>
6	Total operating expenses	<u>1,813,105</u>	<u>50,006</u>	<u>1,863,111</u>	<u>1,792,796</u>	<u>50,347</u>	<u>1,843,143</u>
7	Utility operating income	<u>\$616,627</u>	<u>\$80,448</u>	<u>\$697,075</u>	<u>\$654,806</u>	<u>\$81,067</u>	<u>\$735,873</u>
8	Original cost rate base	<u><u>\$7,548,287</u></u>		<u><u>\$8,286,857</u></u>	<u><u>\$8,286,857</u></u>		<u><u>\$8,286,857</u></u>
9	Rate of return	<u>8.17%</u>		<u>8.41%</u>	<u>7.90%</u>		<u>8.88%</u>

Schedule No. C-2
Detailed Jurisdictional Operating Income Statement
Docket No.

Illinois-American Water Company
Total Company
Individual responsible: S.E. Cazadd

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Period Reported 1999 - 2001

Line No.	Description	Schedule Reference	Historical Year 12/31/99	Current Year 12/31/2000	Future Year Ended 12/31/2001	Adjustment	Test Year Present Rates
1	Operating Revenue:						
2	Water sales	C-3.1	\$99,230,461	\$97,905,360	\$99,066,364		\$99,066,364
3	Other operating revenues		1,014,641	761,324	763,968		763,968
4	Total operating revenues		100,245,102	98,666,684	99,830,332		99,830,332
5	Operating Expenses:						
6	Labor		18,719,170	17,914,418	18,267,951	(454,703)	17,813,248
7	Fuel and power	C-3.2	4,283,222	4,160,721	4,211,697		4,211,697
8	Chemicals	C-3.2	3,616,602	3,455,260	3,637,441		3,637,441
9	Waste disposal		286,118	517,488	528,082		528,082
10	Management fees		1,424,335	876,399	928,216		928,216
11	Group insurance		4,047,553	4,202,244	4,758,488		4,758,488
12	Pensions		536,699	604,309	692,087		692,087
13	Regulatory expense	C-3.3	423,334	31,022		108,871	108,871
14	Insurance - other than group		1,320,634	1,196,948	1,282,028		1,282,028
15	Customer accounting		2,173,937	2,251,464	2,303,733		2,303,733
16	Rents	C-3.4	706,000	748,246	738,430		738,430
17	General office expense		1,403,870	1,503,074	1,609,911		1,609,911
18	Maintenance - other		3,662,434	3,527,764	3,582,952	(78,092)	3,504,860
19	Miscellaneous	C-3.5	8,056,619	5,291,712	5,438,849		5,438,849
20	Total O & M expense		50,660,527	46,281,069	47,979,865	(423,924)	47,555,941
21	Depreciation		13,928,720	14,615,015	16,621,543	971,255	17,592,798
22	Amortization	C-3.6	137,214	24,384	24,384		24,384
23	Taxes other than income						
24	Property taxes	C-3.7	1,423,580	1,399,329	2,019,936		2,019,936
25	Invested capital tax		2,224,804	2,306,302	2,377,656		2,377,656
26	Payroll taxes		1,499,596	1,431,210	1,443,240		1,443,240
27	Other general taxes		276,762	73,304	68,152		68,152
28	Operating income before income taxes		30,093,899	32,536,071	29,295,556	(547,331)	28,748,225
29	Income Taxes:						
30	Federal income tax	C-3.9	7,390,517	8,443,635	6,495,265	37,531	6,532,796
31	State income tax	C-3.9	1,021,920	271,314	783,560	(82,735)	700,825
32	Def. federal income - accelerated depr.		(610,341)	(263,139)	(718,122)	(326,348)	(1,044,470)
33	Def. state income - accelerated depr.		180,777	(57,460)	(156,809)	(38,833)	(195,642)
34	Def. federal income tax - other	C-3.8	455,445	365,129	101,528		101,528
35	Def. state income tax - other	C-3.8	(130,053)	389,202	84,304		84,304
36	Def. state investment tax credit		(69,493)	294,770	74,893		74,893
37	Amort. of federal investment credit		(278,739)	(276,900)	(276,899)		(276,899)
38	Amortization of state investment credit		68,277	(28,802)	(38,599)		(38,599)
39	Utility operating income		\$22,065,589	\$23,398,322	\$22,946,435	(\$136,946)	\$22,809,489

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Docket No.

Illinois-American Water Company
Southern/Peoria/Streator/Pontiac
Individual responsible: S.E. Cazadd

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Period Reported 1999 - 2001

Line No.	Description	Schedule Reference	Historical Year 12/31/99	Current Year 12/31/2000	Future Year Ended 12/31/2001	Adjustment	Test Year Present Rates
1	Operating Revenue:						
2	Water sales	C-3.1	\$74,027,872	\$73,121,507	\$73,407,572		\$73,407,572
3	Other operating revenues		567,612	543,770	545,140		545,140
4	Total operating revenues		74,595,484	73,665,277	73,952,712		73,952,712
5	Operating Expenses:						
6	Labor		13,934,884	13,092,066	13,207,971	(344,555)	12,863,416
7	Fuel and power	C-3.2	2,715,472	2,603,438	2,596,054		2,596,054
8	Chemicals	C-3.2	2,908,414	2,787,682	2,934,455		2,934,455
9	Waste disposal		176,118	407,488	418,082		418,082
10	Management fees		953,503	590,781	625,710		625,710
11	Group insurance		3,134,615	3,051,670	3,455,616		3,455,616
12	Pensions		461,173	441,636	500,387		500,387
13	Regulatory expense	C-3.3	248,173	20,912		73,389	73,389
14	Insurance - other than group		993,469	806,862	864,215		864,215
15	Customer accounting		1,680,679	1,766,110	1,803,260		1,803,260
16	Rents	C-3.4	210,840	375,179	365,195		365,195
17	General office expense		956,534	912,013	972,492		972,492
18	Maintenance - other		2,977,982	2,673,460	2,657,515	(46,172)	2,611,343
19	Miscellaneous	C-3.5	5,457,692	3,703,051	3,785,450		3,785,450
20	Total O & M expense		36,809,548	33,232,348	34,186,402	(317,338)	33,869,064
21	Depreciation		10,590,572	10,943,585	12,544,112	1,027,399	13,571,511
22	Amortization	C-3.6	123,401	18,036	18,036		18,036
23	Taxes other than income						
24	Property taxes	C-3.7	1,123,811	1,069,827	1,673,417		1,673,417
25	Invested capital tax		1,616,870	1,780,234	1,835,313		1,835,313
26	Payroll taxes		1,101,424	1,045,945	1,043,482		1,043,482
27	Other general taxes		79,117	49,414	45,941		45,941
28	Operating income before income taxes		23,150,741	25,525,888	22,606,010	(710,061)	21,895,949
29	Income Taxes:						
30	Federal income tax	C-3.9	5,562,760	6,515,109	5,011,746	81,290	5,093,036
31	State income tax	C-3.9	754,941	235,277	608,134	(53,700)	554,434
32	Def. federal income - accelerated depr.		(552,558)	(177,382)	(566,310)	(345,213)	(911,523)
33	Def. state income - accelerated depr.		162,408	(38,734)	(123,660)	(41,078)	(164,738)
34	Def. federal income tax - other	C-3.8	542,510	246,134	80,065		80,065
35	Def. state income tax - other	C-3.8	(104,740)	262,361	66,483		66,483
36	Def. state investment tax credit		(63,141)	198,705	50,485		50,485
37	Amort. of federal investment credit		(222,012)	(186,659)	(218,363)		(218,363)
38	Amortization of state investment credit		62,036	(19,415)	(26,020)		(26,020)
39	Utility operating income		17,008,537	18,490,492	17,723,450	(351,360)	17,372,089

Schedule No. C-2
Detailed Jurisdictional Operating Income Statement
Docket No.

Illinois-American Water Company
Champaign District
Individual responsible: S.E. Cazadd

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Line No.	Description	Schedule Reference	Historical Year 12/31/99	Current Year 12/31/2000	Future Year Ended 12/31/2001	Adjustment	Test Year Present Rates
1	Operating Revenue:						
2	Water sales	C-3.1	\$15,091,257	\$15,387,104	\$15,558,796		\$15,558,796
3	Other operating revenues		379,023	178,262	178,629		178,629
4	Total operating revenues		15,470,280	15,565,366	15,737,425		15,737,425
5	Operating Expenses:						
6	Labor		2,919,250	2,996,749	3,083,012	(81,194)	3,001,818
7	Fuel and power	C-3.2	1,085,672	1,080,716	1,090,325		1,090,325
8	Chemicals	C-3.2	636,875	607,164	628,482		628,482
9	Waste disposal		110,000	110,000	110,000		110,000
10	Management fees		195,060	181,239	191,955		191,955
11	Group insurance		466,575	643,364	728,330		728,330
12	Pensions		28,097	101,090	116,801		116,801
13	Regulatory expense	C-3.3	98,568	6,415		22,515	22,515
14	Insurance - other than group		176,852	247,529	265,123		265,123
15	Customer accounting		202,294	263,059	269,492		269,492
16	Rents	C-3.4	406,925	290,443	287,190		287,190
17	General office expense		229,164	349,034	369,804		369,804
18	Maintenance - other		377,815	480,298	527,919	(37,115)	490,804
19	Miscellaneous	C-3.5	1,914,017	1,050,450	1,078,979		1,078,979
20	Total O & M expense		8,847,164	8,407,550	8,747,412	(95,794)	8,651,618
21	Depreciation		1,871,709	2,236,707	2,466,532	(45,397)	2,421,135
22	Amortization	C-3.6	11,076	4,028	4,028		4,028
23	Taxes other than income						
24	Property taxes	C-3.7	163,192	191,390	199,746		199,746
25	Invested capital tax		326,667	337,874	348,327		348,327
26	Payroll taxes		196,170	239,415	243,570		243,570
27	Other general taxes		186,737	15,159	14,094		14,094
28	Operating income before income taxes		3,867,565	4,133,243	3,713,716	141,191	3,854,907
29	Income Taxes:						
30	Federal income tax	C-3.9	990,071	1,070,653	823,600	(143,650)	679,950
31	State income tax	C-3.9	177,575	13,125	96,451	(31,359)	65,092
32	Def. federal income - accelerated depr.		7,321	(54,417)	(89,119)	15,254	(73,865)
33	Def. state income - accelerated depr.		1,846	(11,883)	(19,460)	1,815	(17,645)
34	Def. federal income tax - other	C-3.8	(112,560)	75,509	12,600		12,600
35	Def. state income tax - other	C-3.8	(10,740)	80,487	10,462		10,462
36	Def. state investment tax credit			60,958	15,488		15,488
37	Amort. of federal investment credit		(28,480)	(57,263)	(34,363)		(34,363)
38	Amortization of state investment credit			(5,956)	(7,982)		(7,982)
39	Utility operating income		\$2,842,532	\$2,962,030	\$2,906,039	\$299,131	\$3,205,170

Schedule No. C-2
Detailed Jurisdictional Operating Income Statement
Docket No.

Illinois-American Water Company
Sterling District
Individual responsible: S.E. Cazadd

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Line No.	Description	Schedule Reference	Historical Year 12/31/99	Current Year 12/31/2000	Future Year Ended 12/31/2001	Adjustment	Test Year Present Rates
1	Operating Revenue:						
2	Water sales	C-3.1	\$2,331,137	\$2,343,619	\$2,359,140		\$2,359,140
3	Other operating revenues		14,518	11,260	11,260		11,260
4	Total operating revenues		2,345,655	2,354,879	2,370,400		2,370,400
5	Operating Expenses:						
6	Labor		503,893	525,723	547,695	(14,070)	533,625
7	Fuel and power	C-3.2	148,265	140,175	141,160		141,160
8	Chemicals	C-3.2	14,864	11,832	12,226		12,226
9	Waste disposal						
10	Management fees		28,478	26,467	28,032		28,032
11	Group insurance		97,256	93,710	106,294		106,294
12	Pensions		4,209	17,734	20,750		20,750
13	Regulatory expense	C-3.3	15,504	937		3,288	3,288
14	Insurance - other than group		29,489	36,148	38,717		38,717
15	Customer accounting		30,392	66,379	68,124		68,124
16	Rents	C-3.4	66,352	47,258	46,783		46,783
17	General office expense		46,484	67,288	70,745		70,745
18	Maintenance - other		72,875	105,081	110,606	(4,832)	105,774
19	Miscellaneous	C-3.5	319,779	208,869	214,476		214,476
20	Total O & M expense		1,377,840	1,347,601	1,405,608	(15,614)	1,389,994
21	Depreciation		259,281	317,755	340,768	(21,800)	318,968
22	Amortization	C-3.6		588	588		588
23	Taxes other than income						
24	Property taxes	C-3.7	55,506	62,153	62,842		62,842
25	Invested capital tax		47,632	44,973	46,364		46,364
26	Payroll taxes		36,761	42,001	43,270		43,270
27	Other general taxes		3,234	2,214	2,058		2,058
28	Operating income before income taxes		565,401	537,594	468,902	37,414	506,316
29	Income Taxes:						
30	Federal income tax	C-3.9	146,155	135,098	103,924	(13,014)	90,910
31	State income tax	C-3.9	26,361	565	12,022	(3,515)	8,507
32	Def. federal income - accelerated depr.		8,182	(7,947)	(12,352)	7,325	(5,027)
33	Def. state income - accelerated depr.		684	(1,735)	(2,697)	872	(1,825)
34	Def. federal income tax - other	C-3.8	(35,491)	11,027	1,746		1,746
35	Def. state income tax - other	C-3.8	(4,938)	11,754	1,450		1,450
36	Def. state investment tax credit			8,902	2,262		2,262
37	Amort. of federal investment credit		(4,719)	(8,362)	(4,763)		(4,763)
38	Amortization of state investment credit			(870)	(1,166)		(1,166)
39	Utility operating income		\$429,167	\$389,162	\$368,476	\$45,746	\$414,222

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Detailed Jurisdictional Operating Income Statement
Docket No.

Illinois-American Water Company
Pekin District
Individual responsible: S.E. Cazadd

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Line No.	Description	Schedule Reference	Historical Year 12/31/99	Current Year 12/31/2000	Future Year Ended 12/31/2001	Adjustment	Test Year Present Rates
1	Operating Revenue:						
2	Water sales	C-3.1	\$4,891,250	\$4,908,530	\$4,893,256		\$4,893,256
3	Other operating revenues		28,202	27,132	27,739		27,739
4	Total operating revenues		4,919,452	4,935,662	4,920,995		4,920,995
5	Operating Expenses:						
6	Labor		926,292	861,010	876,427		876,427
7	Fuel and power	C-3.2	204,002	243,992	260,417		260,417
8	Chemicals	C-3.2	12,595	14,882	16,645		16,645
9	Waste disposal						
10	Management fees		90,724	54,249	57,457		57,457
11	Group insurance		291,604	287,853	325,991		325,991
12	Pensions		45,588	29,045	33,204		33,204
13	Regulatory expense	C-3.3	23,961	1,920		6,739	6,739
14	Insurance - other than group		92,504	74,091	79,358		79,358
15	Customer accounting		125,614	123,126	126,127		126,127
16	Rents	C-3.4	4,993	18,314	19,478		19,478
17	General office expense		112,925	106,737	112,644		112,644
18	Maintenance - other		101,951	173,173	172,562	14,347	186,909
19	Miscellaneous	C-3.5	333,901	224,392	230,617		230,617
20	Total O & M expense		2,366,654	2,212,784	2,310,927	21,086	2,332,013
21	Depreciation		749,506	728,905	755,249	87,782	843,031
22	Amortization	C-3.6	2,737	1,206	1,206		1,206
23	Taxes other than income						
24	Property taxes	C-3.7	58,458	57,437	58,924		58,924
25	Invested capital tax		149,916	83,488	86,071		86,071
26	Payroll taxes		101,682	68,787	69,241		69,241
27	Other general taxes		7,265	4,538	4,219		4,219
28	Operating income before income taxes		1,483,234	1,778,517	1,635,158	(108,868)	1,526,290
29	Income Taxes:						
30	Federal income tax	C-3.9	419,292	471,155	362,436	56,164	418,600
31	State income tax	C-3.9	55,647	13,517	43,501	1,572	45,073
32	Def. federal income - accelerated depr.		(55,104)	(16,288)	(31,454)	(29,495)	(60,949)
33	Def. state income - accelerated depr.		16,333	(3,557)	(6,868)	(3,510)	(10,378)
34	Def. federal income tax - other	C-3.8	60,986	22,601	4,447		4,447
35	Def. state income tax - other	C-3.8	(9,635)	24,092	3,692		3,692
36	Def. state investment tax credit		(6,352)	18,246	4,636		4,636
37	Amort. of federal investment credit		(21,476)	(17,140)	(12,128)		(12,128)
38	Amortization of state investment credit		6,241	(1,783)	(2,389)		(2,389)
39	Utility operating income		\$1,017,302	\$1,267,674	\$1,269,285	(\$133,599)	\$1,135,686

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Detailed Jurisdictional Operating Income Statement
Docket No.

Illinois-American Water Company
Lincoln District
Individual responsible: S.E. Cazadd

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Line No.	Description	Schedule Reference	Historical Year 12/31/99	Current Year 12/31/2000	Future Year Ended 12/31/2001	Adjustment	Test Year Present Rates
1	Operating Revenue:						
2	Water sales	C-3.1	\$2,888,945	\$2,144,600	\$2,847,600		\$2,847,600
3	Other operating revenues		25,286	900	1,200		1,200
4	Total operating revenues		2,914,231	2,145,500	2,848,800		2,848,800
5	Operating Expenses:						
6	Labor		434,851	438,870	552,846	(14,884)	537,962
7	Fuel and power	C-3.2	129,811	92,400	123,741		123,741
8	Chemicals	C-3.2	43,854	33,700	45,633		45,633
9	Waste disposal						
10	Management fees		156,570	23,663	25,062		25,062
11	Group insurance		57,503	125,647	142,257		142,257
12	Pensions		(2,368)	14,804	20,945		20,945
13	Regulatory expense	C-3.3	37,128	838		2,940	2,940
14	Insurance - other than group		28,320	32,318	34,615		34,615
15	Customer accounting		134,958	32,790	36,730		36,730
16	Rents	C-3.4	16,890	17,052	19,784		19,784
17	General office expense		58,763	68,002	84,226		84,226
18	Maintenance - other		131,811	95,752	114,350	(4,320)	110,030
19	Miscellaneous	C-3.5	31,230	104,950	129,327		129,327
20	Total O & M expense		1,259,321	1,080,786	1,329,516	(16,264)	1,313,252
21	Depreciation		457,652	388,063	514,882	(76,729)	438,153
22	Amortization	C-3.6		526	526		526
23	Taxes other than income						
24	Property taxes	C-3.7	22,613	18,522	25,007		25,007
25	Invested capital tax		83,719	59,733	61,581		61,581
26	Payroll taxes		63,559	35,062	43,677		43,677
27	Other general taxes		409	1,979	1,840		1,840
28	Operating income before income taxes		1,026,958	560,829	871,771	92,993	964,764
29	Income Taxes:						
30	Federal income tax	C-3.9	272,239	251,620	193,559	56,741	250,300
31	State income tax	C-3.9	7,396	8,830	23,452	4,267	27,719
32	Def. federal income - accelerated depr.		(18,182)	(7,105)	(18,887)	25,781	6,894
33	Def. state income - accelerated depr.		(494)	(1,551)	(4,124)	3,068	(1,056)
34	Def. federal income tax - other	C-3.8		9,858	2,670		2,670
35	Def. state income tax - other	C-3.8		10,508	2,217		2,217
36	Def. state investment tax credit			7,959	2,022		2,022
37	Amort. of federal investment credit		(2,052)	(7,476)	(7,282)		(7,282)
38	Amortization of state investment credit			(778)	(1,042)		(1,042)
39	Utility operating income		\$768,051	\$288,964	\$679,186	\$3,136	\$682,322

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Detailed Jurisdictional Operating Income Statement
Docket No.

Illinois-American Water Company
Southern and Peoria
Individual responsible: S.E. Cazadd

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Line No.	Description	Schedule Reference	Historical Year 12/31/99	Current Year 12/31/2000	Future Year Ended 12/31/2001	Adjustment	Test Year Present Rates
1	Operating Revenue:						
2	Water sales	C-3.1	\$68,896,896	\$67,949,193	\$68,225,977		\$68,225,977
3	Other operating revenues		546,207	526,770	528,140		528,140
4	Total operating revenues		69,443,103	68,475,963	68,754,117		68,754,117
5	Operating Expenses:						
6	Labor		12,733,148	11,871,372	11,950,069	(311,762)	11,638,307
7	Fuel and power	C-3.2	2,532,843	2,442,533	2,434,981		2,434,981
8	Chemicals	C-3.2	2,845,756	2,722,193	2,867,586		2,867,586
9	Waste disposal		176,118	407,488	418,082		418,082
10	Management fees		901,883	542,841	574,937		574,937
11	Group insurance		2,898,812	2,881,478	3,262,940		3,262,940
12	Pensions		453,183	400,458	452,732		452,732
13	Regulatory expense	C-3.3	238,189	19,215		67,434	67,434
14	Insurance - other than group		919,572	741,390	794,088		794,088
15	Customer accounting		1,616,649	1,639,641	1,673,486		1,673,486
16	Rents	C-3.4	110,816	315,221	306,101		306,101
17	General office expense		861,842	788,006	842,167		842,167
18	Maintenance - other		2,869,729	2,453,501	2,464,062	(37,420)	2,426,642
19	Miscellaneous	C-3.5	4,772,877	3,381,846	3,458,043		3,458,043
20	Total O & M expense		33,931,417	30,607,183	31,499,274	(281,748)	31,217,526
21	Depreciation		10,031,306	10,225,882	11,770,489	1,056,549	12,827,038
22	Amortization	C-3.6	123,401	16,971	16,971		16,971
23	Taxes other than income						
24	Property taxes	C-3.7	1,068,760	1,007,574	1,608,198		1,608,198
25	Invested capital tax		1,490,301	1,659,385	1,710,723		1,710,723
26	Payroll taxes		1,010,814	948,422	944,102		944,102
27	Other general taxes		72,223	45,404	42,214		42,214
28	Operating income before income taxes		21,714,881	23,965,142	21,162,145	(774,801)	20,387,344
29	Income Taxes:						
30	Federal income tax	C-3.9	5,208,787	6,098,837	4,691,530	116,730	4,808,260
31	State income tax	C-3.9	691,288	223,337	569,701	(44,969)	524,732
32	Def. federal income - accelerated depr.		(547,787)	(162,989)	(534,354)	(355,008)	(889,362)
33	Def. state income - accelerated depr.		162,361	(35,591)	(116,682)	(42,244)	(158,926)
34	Def. federal income tax - other	C-3.8	606,258	226,161	75,548		75,548
35	Def. state income tax - other	C-3.8	(95,786)	241,072	62,730		62,730
36	Def. state investment tax credit		(63,141)	182,581	46,389		46,389
37	Amort. of federal investment credit		(213,487)	(171,512)	(206,041)		(206,041)
38	Amortization of state investment credit		62,036	(17,839)	(23,909)		(23,909)
39	Utility operating income		15,904,352	17,381,085	16,597,233	(449,310)	16,147,923

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Detailed Jurisdictional Operating Income Statement
Docket No.

Illinois-American Water Company
Streator District
Individual responsible: S.E. Cazadd

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Line No.	Description	Schedule Reference	Historical Year 12/31/99	Current Year 12/31/2000	Future Year Ended 12/31/2001	Adjustment	Test Year Present Rates
1	Operating Revenue:						
2	Water sales	C-3.1	\$2,709,417	\$2,742,391	\$2,739,793		\$2,739,793
3	Other operating revenues		13,232	11,200	11,200		11,200
4	Total operating revenues		2,722,649	2,753,591	2,750,993		2,750,993
5	Operating Expenses:						
6	Labor		653,936	680,367	701,012	(18,113)	682,899
7	Fuel and power	C-3.2	107,927	87,008	86,926		86,926
8	Chemicals	C-3.2	28,907	29,569	30,310		30,310
9	Waste disposal						
10	Management fees		33,432	31,025	32,859		32,859
11	Group insurance		143,406	110,099	124,772		124,772
12	Pensions		4,969	22,951	26,558		26,558
13	Regulatory expense	C-3.3		1,098		3,854	3,854
14	Insurance - other than group		42,061	42,372	45,384		45,384
15	Customer accounting		39,959	78,530	80,538		80,538
16	Rents	C-3.4	57,896	35,770	35,213		35,213
17	General office expense		55,651	72,140	76,015		76,015
18	Maintenance - other		58,854	137,768	83,095	(5,664)	77,431
19	Miscellaneous	C-3.5	450,458	196,385	201,703		201,703
20	Total O & M expense		1,677,456	1,525,082	1,524,385	(19,923)	1,504,462
21	Depreciation		274,827	387,642	417,643	(16,104)	401,539
22	Amortization	C-3.6		689	689		689
23	Taxes other than income						
24	Property taxes	C-3.7	35,110	39,134	40,596		40,596
25	Invested capital tax		63,209	60,886	62,770		62,770
26	Payroll taxes		50,215	54,356	55,383		55,383
27	Other general taxes		3,880	2,595	2,413		2,413
28	Operating income before income taxes		617,952	683,207	647,114	36,027	683,141
29	Income Taxes:						
30	Federal income tax	C-3.9	161,975	186,604	143,545	(26,839)	116,706
31	State income tax	C-3.9	30,881	2,459	16,834	(5,655)	11,179
32	Def. federal income - accelerated depr.		1,965	(9,315)	(15,942)	5,411	(10,531)
33	Def. state income - accelerated depr.		361	(2,034)	(3,481)	644	(2,837)
34	Def. federal income tax - other	C-3.8	(52,178)	12,926	2,254		2,254
35	Def. state income tax - other	C-3.8	(7,621)	13,778	1,872		1,872
36	Def. state investment tax credit			10,435	2,651		2,651
37	Amort. of federal investment credit		(4,989)	(9,802)	(6,147)		(6,147)
38	Amortization of state investment credit			(1,020)	(1,366)		(1,366)
39	Utility operating income		\$487,558	\$479,176	\$506,894	\$62,466	\$569,360

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Detailed Jurisdictional Operating Income Statement
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Illinois-American Water Company
Pontiac District
Individual responsible: S.E. Cazadd

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Line No.	Description	Schedule Reference	Historical Year 12/31/99	Current Year 12/31/2000	Future Year Ended 12/31/2001	Adjustment	Test Year Present Rates
1	Operating Revenue:						
2	Water sales	C-3.1	\$2,421,559	\$2,429,923	\$2,441,802		\$2,441,802
3	Other operating revenues		8,173	5,800	5,800		5,800
4	Total operating revenues		2,429,732	2,435,723	2,447,602		2,447,602
5	Operating Expenses:						
6	Labor		547,800	540,327	556,890	(14,680)	542,210
7	Fuel and power	C-3.2	74,702	73,897	74,147		74,147
8	Chemicals	C-3.2	33,751	35,920	36,559		36,559
9	Waste disposal						
10	Management fees		18,188	16,915	17,914		17,914
11	Group insurance		92,397	60,093	67,904		67,904
12	Pensions		3,021	18,227	21,097		21,097
13	Regulatory expense	C-3.3	9,984	599		2,101	2,101
14	Insurance - other than group		31,836	23,100	24,743		24,743
15	Customer accounting		24,071	47,939	49,236		49,236
16	Rents	C-3.4	42,128	24,188	23,881		23,881
17	General office expense		39,041	51,867	54,310		54,310
18	Maintenance - other		49,399	82,191	110,358	(3,088)	107,270
19	Miscellaneous	C-3.5	234,357	124,820	125,704		125,704
20	Total O & M expense		1,200,675	1,100,083	1,162,743	(15,667)	1,147,076
21	Depreciation		284,439	330,061	355,980	(13,046)	342,934
22	Amortization	C-3.6		376	376		376
23	Taxes other than income						
24	Property taxes	C-3.7	19,941	23,119	24,623		24,623
25	Invested capital tax		63,360	59,963	61,819		61,819
26	Payroll taxes		40,395	43,168	43,997		43,997
27	Other general taxes		3,014	1,415	1,314		1,314
28	Operating income before income taxes		817,908	877,538	796,750	28,713	825,463
29	Income Taxes:						
30	Federal income tax	C-3.9	191,998	229,668	176,671	(8,601)	168,070
31	State income tax	C-3.9	32,772	9,481	21,599	(3,076)	18,523
32	Def. federal income - accelerated depr.		(6,736)	(5,078)	(16,014)	4,384	(11,630)
33	Def. state income - accelerated depr.		(314)	(1,109)	(3,497)	522	(2,975)
34	Def. federal income tax - other	C-3.8	(11,570)	7,047	2,263		2,263
35	Def. state income tax - other	C-3.8	(1,333)	7,511	1,881		1,881
36	Def. state investment tax credit			5,689	1,445		1,445
37	Amort. of federal investment credit		(3,536)	(5,345)	(6,175)		(6,175)
38	Amortization of state investment credit			(556)	(745)		(745)
39	Utility operating income		\$616,627	\$630,230	\$619,322	\$35,484	\$654,806

Schedule No. C-3
Summary of Utility Proposed Adjustments
Docket No.

Illinois-American Water Company
Total Company
Individual responsible: S.E. Cazadd

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Line No.	Description	Projected Test Year 12/31/2001	Rate Case Expense	Deferred Maintenance	Reengineering	Cost Allocation Iowa	Labor Vacancy	Depreciation	Df. Taxes on Depreciation	Other Income Tax Effects	Total Adjustments	Present Rates
1	Operating Revenue	\$99,830,332										\$99,830,332
2	O & M Expenses											
3	Labor	18,267,951					(454,703)				(454,703)	17,813,248
4	Fuel and power	4,211,697										4,211,697
5	Chemicals	3,637,441										3,637,441
6	Waste disposal	528,082										528,082
7	Management fees	928,216										928,216
8	Group insurance	4,758,488										4,758,488
9	Pensions	692,087										692,087
10	Regulatory expense		108,871								108,871	108,871
11	Insurance - other	1,282,028										1,282,028
12	Customer accounting	2,303,733										2,303,733
13	Rents	738,430										738,430
14	General office expense	1,609,911										1,609,911
15	Maintenance - other	3,582,952		(16,185)	88,189	(150,096)					(78,092)	3,504,860
16	Miscellaneous	5,438,849										5,438,849
17	Total O & M Expense	47,979,865	108,871	(16,185)	88,189	(150,096)	(454,703)				(423,924)	47,555,941
18	Depreciation & Amortization	16,645,927						971,255			971,255	17,617,182
19	Taxes Other Than Income	5,908,984										5,908,984
20	Income Taxes	6,349,121		6,086	(33,159)	56,436	170,967		(365,192)	(245,534)	(410,396)	5,938,725
21	Total Operating Expenses	76,883,897	108,871	(10,099)	55,030	(93,660)	(283,736)	971,255	(365,192)	(245,534)	136,935	77,020,832
22	Utility Operating Income	\$22,946,435	(\$108,871)	\$10,099	(\$55,030)	\$93,660	\$283,736	(\$971,255)	\$365,192	\$245,534	(\$136,935)	\$22,809,500
23	Exhibit Reference	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0		
24	Schedule Reference	C-2	C-3.1	C-3.2	C-3.3	C-3.4	C-3.5	C-3.6	C-3.7	C-3.8		

Schedule No. C-3
Summary of Utility Proposed Adjustments
Docket No.

Illinois-American Water Company
Southern/Peoria/Streator/Pontiac
Individual responsible: S.E. Cazadd

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Line No.	Description	Projected Test Year 12/31/2001	Rate Case Expense	Deferred Maintenance	Reengineering	Cost Allocation Iowa	Labor Vacancy	Depreciation	Df. Taxes on Depreciation	Other Income Tax Effects	Total Adjustments	Present Rates
1	Operating Revenue	\$73,952,712										\$73,952,712
2	O & M Expenses											
3	Labor	13,207,971					(344,555)				(344,555)	12,863,416
4	Fuel and power	2,596,054										2,596,054
5	Chemicals	2,934,455										2,934,455
6	Waste disposal	418,082										418,082
7	Management fees	625,710										625,710
8	Group insurance	3,455,616										3,455,616
9	Pensions	500,387										500,387
10	Regulatory expense		73,389								73,389	73,389
11	Insurance - other	864,215										864,215
12	Customer accounting	1,803,260										1,803,260
13	Rents	365,195										365,195
14	General office expense	972,492										972,492
15	Maintenance - other	2,657,515		(18,489)	80,173	(107,856)					(46,172)	2,611,343
16	Miscellaneous	3,785,450										3,785,450
17	Total O & M Expense	34,186,402	73,389	(18,489)	80,173	(107,856)	(344,555)				(317,338)	33,869,064
18	Depreciation & Amortization	12,562,148						1,027,399			1,027,399	13,589,547
19	Taxes Other Than Income	4,598,152										4,598,152
20	Income Taxes	4,882,560		6,952	(30,145)	40,554	129,552		(386,302)	(119,323)	(358,712)	4,523,848
21	Total Operating Expenses	56,229,262	73,389	(11,537)	50,028	(67,302)	(215,003)	1,027,399	(386,302)	(119,323)	351,349	56,580,612
22	Utility Operating Income	\$17,723,450	(\$73,389)	\$11,537	(\$50,028)	\$67,302	\$215,003	(\$1,027,399)	\$386,302	\$119,323	(\$351,349)	\$17,372,100
23	Exhibit Reference	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0		
24	Schedule Reference	C-2	C-3.1	C-3.2	C-3.3	C-3.4	C-3.5	C-3.6	C-3.7	C-3.8		

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Summary of Utility Proposed Adjustments
Docket No.

Illinois-American Water Company
Champaign
Individual responsible: S.E. Cazadd

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Line No.	Description	Projected Test Year 12/31/2001	Rate Case Expense	Deferred Maintenance	Reengineering	Cost Allocation Iowa	Labor Vacancy	Depreciation	Df. Taxes on Depreciation	Other Income Tax Effects	Total Adjustments	Present Rates
1	Operating Revenue	\$15,737,425										\$15,737,425
2	O & M Expenses											
3	Labor	3,083,012					(81,194)				(81,194)	3,001,818
4	Fuel and power	1,090,325										1,090,325
5	Chemicals	628,482										628,482
6	Waste disposal	110,000										110,000
7	Management fees	191,955										191,955
8	Group insurance	728,330										728,330
9	Pensions	116,801										116,801
10	Regulatory expense		22,515								22,515	22,515
11	Insurance - other	265,123										265,123
12	Customer accounting	269,492										269,492
13	Rents	287,190										287,190
14	General office expense	369,804										369,804
15	Maintenance - other	527,919		(4,027)		(33,088)					(37,115)	490,804
16	Miscellaneous	1,078,979										1,078,979
17	Total O & M Expense	8,747,412	22,515	(4,027)		(33,088)	(81,194)				(95,794)	8,651,618
18	Depreciation & Amortization	2,470,560						(45,397)			(45,397)	2,425,163
19	Taxes Other Than Income	805,737										805,737
20	Income Taxes	807,677		1,514		12,441	30,529		17,069	(219,493)	(157,940)	649,737
21	Total Operating Expenses	12,831,386	22,515	(2,513)		(20,647)	(50,665)	(45,397)	17,069	(219,493)	(299,131)	12,532,255
22	Utility Operating Income	\$2,906,039	(\$22,515)	\$2,513		\$20,647	\$50,665	\$45,397	(\$17,069)	\$219,493	\$299,131	\$3,205,170
23	Exhibit Reference	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0		
24	Schedule Reference	C-2	C-3.1	C-3.2	C-3.3	C-3.4	C-3.5	C-3.6	C-3.7	C-3.8		

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Summary of Utility Proposed Adjustments
Docket No.

Illinois-American Water Company
Sterling
Individual responsible: S.E. Cazadd

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Line No.	Description	Projected Test Year 12/31/2001	Rate Case Expense	Deferred Maintenance	Reengineering	Cost Allocation Iowa	Labor Vacancy	Depreciation	Df. Taxes on Depreciation	Other Income Tax Effects	Total Adjustments	Present Rates
1	Operating Revenue	\$2,370,400										\$2,370,400
2	O & M Expenses											
3	Labor	547,695					(14,070)				(14,070)	533,625
4	Fuel and power	141,160										141,160
5	Chemicals	12,226										12,226
6	Waste disposal											
7	Management fees	28,032										28,032
8	Group insurance	106,294										106,294
9	Pensions	20,750										20,750
10	Regulatory expense		3,288								3,288	3,288
11	Insurance - other	38,717										38,717
12	Customer accounting	68,124										68,124
13	Rents	46,783										46,783
14	General office expense	70,745										70,745
15	Maintenance - other	110,606				(4,832)					(4,832)	105,774
16	Miscellaneous	214,476										214,476
17	Total O & M Expense	1,405,608	3,288			(4,832)	(14,070)				(15,614)	1,389,994
18	Depreciation & Amortization	341,356						(21,800)			(21,800)	319,556
19	Taxes Other Than Income	154,534										154,534
20	Income Taxes	100,426				1,817	5,290		8,197	(23,636)	(8,332)	92,094
21	Total Operating Expenses	2,001,924	3,288			(3,015)	(8,780)	(21,800)	8,197	(23,636)	(45,746)	1,956,178
22	Utility Operating Income	\$368,476	(\$3,288)			\$3,015	\$8,780	\$21,800	(\$8,197)	\$23,636	\$45,746	\$414,222
23	Exhibit Reference	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0		
24	Schedule Reference	C-2	C-3.1	C-3.2	C-3.3	C-3.4	C-3.5	C-3.6	C-3.7	C-3.8		

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Docket No.

Illinois-American Water Company
Pekin District
Individual responsible: S.E. Cazadd

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Line No.	Description	Projected Test Year 12/31/2001	Rate Case Expense	Deferred Maintenance	Reengineering	Cost Allocation Iowa	Labor Vacancy	Depreciation	Df. Taxes on Depreciation	Other Income Tax Effects	Total Adjustments	Present Rates
1	Operating Revenue	\$4,920,995										\$4,920,995
2	O & M Expenses											
3	Labor	876,427										876,427
4	Fuel and power	260,417										260,417
5	Chemicals	16,645										16,645
6	Waste disposal											
7	Management fees	57,457										57,457
8	Group insurance	325,991										325,991
9	Pensions	33,204										33,204
10	Regulatory expense		6,739								6,739	6,739
11	Insurance - other	79,358										79,358
12	Customer accounting	126,127										126,127
13	Rents	19,478										19,478
14	General office expense	112,644										112,644
15	Maintenance - other	172,562		6,331	8,016						14,347	186,909
16	Miscellaneous	230,617										230,617
17	Total O & M Expense	2,310,927	6,739	6,331	8,016						21,086	2,332,013
18	Depreciation & Amortization	756,455						87,782			87,782	844,237
19	Taxes Other Than Income	218,455										218,455
20	Income Taxes	365,873		(2,380)	(3,014)				(33,006)	63,130	24,730	390,603
21	Total Operating Expenses	3,651,710	6,739	3,951	5,002			87,782	(33,006)	63,130	133,598	3,785,308
22	Utility Operating Income	\$1,269,285	(\$6,739)	(\$3,951)	(\$5,002)			(\$87,782)	\$33,006	(\$63,130)	(\$133,598)	\$1,135,687
23	Exhibit Reference	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0		
24	Schedule Reference	C-2	C-3.1	C-3.2	C-3.3	C-3.4	C-3.5	C-3.6	C-3.7	C-3.8		

Schedule No. C-3
Summary of Utility Proposed Adjustments
Docket No.

Illinois-American Water Company
Lincoln
Individual responsible: S.E. Cazadd

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Line No.	Description	Projected Test Year 12/31/2001	Rate Case Expense	Deferred Maintenance	Reengineering	Cost Allocation Iowa	Labor Vacancy	Depreciation	Df. Taxes on Depreciation	Other Income Tax Effects	Total Adjustments	Present Rates
1	Operating Revenue	\$2,848,800										\$2,848,800
2	O & M Expenses											
3	Labor	552,846					(14,884)				(14,884)	537,962
4	Fuel and power	123,741										123,741
5	Chemicals	45,633										45,633
6	Waste disposal											
7	Management fees	25,062										25,062
8	Group insurance	142,257										142,257
9	Pensions	20,945										20,945
10	Regulatory expense		2,940								2,940	2,940
11	Insurance - other	34,615										34,615
12	Customer accounting	36,730										36,730
13	Rents	19,784										19,784
14	General office expense	84,226										84,226
15	Maintenance - other	114,350				(4,320)					(4,320)	110,030
16	Miscellaneous	129,327										129,327
17	Total O & M Expense	1,329,516	2,940			(4,320)	(14,884)				(16,264)	1,313,252
18	Depreciation & Amortization	515,408						(76,729)			(76,729)	438,679
19	Taxes Other Than Income	132,105										132,105
20	Income Taxes	192,585				1,624	5,596		28,850	53,788	89,858	282,443
21	Total Operating Expenses	2,169,614	2,940			(2,696)	(9,288)	(76,729)	28,850	53,788	(3,135)	2,166,479
22	Utility Operating Income	\$679,186	(\$2,940)			\$2,696	\$9,288	\$76,729	(\$28,850)	(\$53,788)	\$3,135	\$682,321
23	Exhibit Reference	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0		
24	Schedule Reference	C-2	C-3.1	C-3.2	C-3.3	C-3.4	C-3.5	C-3.6	C-3.7	C-3.8		

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Summary of Utility Proposed Adjustments
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Illinois-American Water Company
Southern and Peoria
Individual responsible: S.E. Cazadd

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Line No.	Description	Projected Test Year 12/31/2001	Rate Case Expense	Deferred Maintenance	Reengineering	Cost Allocation Iowa	Labor Vacancy	Depreciation	Df. Taxes on Depreciation	Other Income Tax Effects	Total Adjustments	Present Rates
1	Operating Revenue	\$68,754,117										\$68,754,117
2	O & M Expenses											
3	Labor	11,950,069					(311,762)				(311,762)	11,638,307
4	Fuel and power	2,434,981										2,434,981
5	Chemicals	2,867,586										2,867,586
6	Waste disposal	418,082										418,082
7	Management fees	574,937										574,937
8	Group insurance	3,262,940										3,262,940
9	Pensions	452,732										452,732
10	Regulatory expense		67,434								67,434	67,434
11	Insurance - other	794,088										794,088
12	Customer accounting	1,673,486										1,673,486
13	Rents	306,101										306,101
14	General office expense	842,167										842,167
15	Maintenance - other	2,464,062		(18,489)	80,173	(99,104)					(37,420)	2,426,642
16	Miscellaneous	3,458,043										3,458,043
17	Total O & M Expense	31,499,274	67,434	(18,489)	80,173	(99,104)	(311,762)				(281,748)	31,217,526
18	Depreciation & Amortization	11,787,460						1,056,549			1,056,549	12,844,009
19	Taxes Other Than Income	4,305,238										4,305,238
20	Income Taxes	4,564,912		6,952	(30,145)	37,263	117,222		(397,262)	(59,531)	(325,501)	4,239,411
21	Total Operating Expenses	52,156,884	67,434	(11,537)	50,028	(61,841)	(194,540)	1,056,549	(397,262)	(59,531)	449,300	52,606,184
22	Utility Operating Income	\$16,597,233	(\$67,434)	\$11,537	(\$50,028)	\$61,841	\$194,540	(\$1,056,549)	\$397,262	\$59,531	(\$449,300)	\$16,147,933
23	Exhibit Reference	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0		
24	Schedule Reference	C-2	C-3.1	C-3.2	C-3.3	C-3.4	C-3.5	C-3.6	C-3.7	C-3.8		

Schedule No. C-3
Summary of Utility Proposed Adjustments
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Illinois-American Water Company
Streator
Individual responsible: S.E. Cazadd

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Line No.	Description	Projected Test Year 12/31/2001	Rate Case Expense	Deferred Maintenance	Reengineering	Cost Allocation Iowa	Labor Vacancy	Depreciation	Df. Taxes on Depreciation	Other Income Tax Effects	Total Adjustments	Present Rates
1	Operating Revenue	\$2,750,993										\$2,750,993
2	O & M Expenses											
3	Labor	701,012					(18,113)				(18,113)	682,899
4	Fuel and power	86,926										86,926
5	Chemicals	30,310										30,310
6	Waste disposal											
7	Management fees	32,859										32,859
8	Group insurance	124,772										124,772
9	Pensions	26,558										26,558
10	Regulatory expense		3,854								3,854	3,854
11	Insurance - other	45,384										45,384
12	Customer accounting	80,538										80,538
13	Rents	35,213										35,213
14	General office expense	76,015										76,015
15	Maintenance - other	83,095				(5,664)					(5,664)	77,431
16	Miscellaneous	201,703										201,703
17	Total O & M Expense	1,524,385	3,854			(5,664)	(18,113)				(19,923)	1,504,462
18	Depreciation & Amortization	418,332						(16,104)			(16,104)	402,228
19	Taxes Other Than Income	161,162										161,162
20	Income Taxes	140,220				2,130	6,810		6,055	(41,434)	(26,439)	113,781
21	Total Operating Expenses	2,244,099	3,854			(3,534)	(11,303)	(16,104)	6,055	(41,434)	(62,466)	2,181,633
22	Utility Operating Income	\$506,894	(\$3,854)			\$3,534	\$11,303	\$16,104	(\$6,055)	\$41,434	\$62,466	\$569,360
23	Exhibit Reference	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0		
24	Schedule Reference	C-2	C-3.1	C-3.2	C-3.3	C-3.4	C-3.5	C-3.6	C-3.7	C-3.8		

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Summary of Utility Proposed Adjustments
Docket No.

Illinois-American Water Company
Pontiac
Individual responsible: S.E. Cazadd

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Line No.	Description	Projected Test Year 12/31/2001	Rate Case Expense	Deferred Maintenance	Reengineering	Cost Allocation Iowa	Labor Vacancy	Depreciation	Df. Taxes on Depreciation	Other Income Tax Effects	Total Adjustments	Present Rates
1	Operating Revenue	\$2,447,602										\$2,447,602
2	O & M Expenses											
3	Labor	556,890					(14,680)				(14,680)	542,210
4	Fuel and power	74,147										74,147
5	Chemicals	36,559										36,559
6	Waste disposal											
7	Management fees	17,914										17,914
8	Group insurance	67,904										67,904
9	Pensions	21,097										21,097
10	Regulatory expense		2,101								2,101	2,101
11	Insurance - other	24,743										24,743
12	Customer accounting	49,236										49,236
13	Rents	23,881										23,881
14	General office expense	54,310										54,310
15	Maintenance - other	110,358				(3,088)					(3,088)	107,270
16	Miscellaneous	125,704										125,704
17	Total O & M Expense	1,162,743	2,101			(3,088)	(14,680)				(15,667)	1,147,076
18	Depreciation & Amortization	356,356						(13,046)			(13,046)	343,310
19	Taxes Other Than Income	131,753										131,753
20	Income Taxes	177,428				1,161	5,520		4,905	(18,358)	(6,772)	170,656
21	Total Operating Expenses	1,828,280	2,101			(1,927)	(9,160)	(13,046)	4,905	(18,358)	(35,485)	1,792,795
22	Utility Operating Income	\$619,322	(\$2,101)			\$1,927	\$9,160	\$13,046	(\$4,905)	\$18,358	\$35,485	\$654,807
23	Exhibit Reference	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0		
24	Schedule Reference	C-2	C-3.1	C-3.2	C-3.3	C-3.4	C-3.5	C-3.6	C-3.7	C-3.8		

Schedule No. C-3.1

Adjustment of Rate Case Expense
Docket No.

Company Illinois-American Water Company

Exhibit No. 12.0

Total Company

Page 1 of 2

Individual Responsible S.E. Cazadd

Period Reported 1999 - 2001

Workpaper Reference No(s): WP-C-3.1

Line No.		Historic Year <u>12/31/99</u>	Current Year <u>2000</u>	Projected Year <u>2001</u>	<u>Adjustment</u>	Present Rates <u>2001</u>
1	Rate Case expense	\$422,334	\$31,022	\$0	\$108,871	\$108,871
2	Illinois-American Water Company estimates it will incur costs of \$341,128 in the preparation and presentation of this proceeding.					
3					Rate	Depreciation
4					<u>Case</u>	<u>Study</u>
5	Unamortized costs at 12/31/00 from previous rate case dockets				\$0	\$0
6	Cost of preparation and presentation of current rate filing				<u>304,840</u>	<u>36,288</u>
7	Cost to be Amortized				<u>\$304,840</u>	<u>\$36,288</u>
8	Years of Amortization				3 Years	5 Years
9	Annual Amortization				<u>\$101,613</u>	<u>\$7,258</u>
						<u>\$108,871</u>

Schedule No. C-3.1

Adjustment of Rate Case Expense
Docket No.

Company Illinois-American Water Company

Exhibit No. 12.0

Southern/Peoria/Streator/Pontiac, Champaign, Sterling, Pekin, Lincoln

Page 2 of 2

Individual responsible S. E. Cazadd

Period Reported 2001

Workpaper Reference No(s): WP-C-3.1

Line <u>No.</u>		<u>Total Company</u>	<u>Southern Div./ Peoria/Streator/ Pontiac</u>	<u>Champaign District</u>	<u>Sterling District</u>	<u>Pekin District</u>	<u>Lincoln District</u>
1	Rate Case Expense 2001 Projection	\$0	\$0	\$0	\$0	\$0	\$0
2	Adjustment	<u>108,871</u>	<u>73,389</u>	<u>22,515</u>	<u>3,288</u>	<u>6,739</u>	<u>2,940</u>
3	Regulatory Expense at Present Rates	<u>\$108,871</u>	<u>\$73,389</u>	<u>\$22,515</u>	<u>\$3,288</u>	<u>\$6,739</u>	<u>\$2,940</u>

4 The adjustment allows current rate case to be amortized over the three years that the rates set in this proceeding
5 are anticipated to be in effect. The adjustment allows for the costs of the depreciation study to be amortized over
6 the five year period which the depreciation rates approved in this proceeding are anticipated to be in effect. See
7 Page 1 of 2 of Schedule No. C-3.1 of Exhibit 12.0 for further discussion of this adjustment.

8 The allocation of regulatory commission expense has been made based on a 13-month average of projected
9 customers for the period ending December 31, 2001.

Schedule No. C-3.2

Deferred Maintenance Costs
Docket No.

Company Illinois-American Water Company

Exhibit No. 12.0

Total Company

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Individual responsible S. E. Cazadd

Period Reported 1999 - 2001

Workpaper Reference No(s): WP-C-3.2

Line No.		Historical Year <u>12/31/99</u>	Current Year <u>2000</u>	Projected Year <u>2001</u>	<u>Adjustment</u>	Present Rates <u>2001</u>
1	Deferred Maintenance Amortization	\$394,794	\$453,740	\$491,318	(\$16,185)	\$475,133

2 This adjustment is made to correct information used in the Company's projected deferred maintenace
3 expense. Subsequent to the preparation of those projections, the Company received contractor bids
4 to complete the Year 2000 projects in the Southern Division and in the Champaign District at a cost
5 lower than projected. The Company also has added a project in the Pekin district subsequent to the
6 preparation of the projections.

Schedule No. C-3.2

Deferred Maintenance Costs
Docket No.

Company Illinois-American Water Company

Exhibit No. 12.0

Southern/Peoria/Streator/Pontiac, Champaign, Sterling, Pekin, Lincoln

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Individual responsible S. E. Cazadd

Period Reported 2001

Workpaper Reference No(s): WP-C-3.2

Line No.		Total Company	Southern/ Peoria/Streator/ Pontiac	Champaign District	Sterling District	Pekin District	Lincoln District
1	Deferred Maintenance Amortization Projection	\$491,318	\$280,009	\$145,689	\$28,884	\$20,536	\$16,200
2	Adjustment	<u>(16,185)</u>	<u>(18,489)</u>	<u>(4,027)</u>	<u>0</u>	<u>6,331</u>	<u>0</u>
3	Deferred Maintenance Amortization at Present	<u>\$475,133</u>	<u>\$261,520</u>	<u>\$141,662</u>	<u>\$28,884</u>	<u>\$26,867</u>	<u>\$16,200</u>

4 This adjustment is made to correct information used in the Company's projected deferred maintenace
5 expense. Subsequent to the preparation of those projections, the Company received contractor bids
6 to complete the Year 2000 projects in the Southern Division and in the Champaign District at a cost
7 lower than projected. The Company also has added a project in the Pekin district subsequent to the
8 preparation of the projections.

Schedule No. C-3.3

Reengineering Amortization Costs
Docket No.

Company Illinois-American Water Company

Southern/Peoria/Streator/Pontiac, Champaign, Sterling, Pekin, Lincoln

Individual responsible S. E. Cazadd

Workpaper Reference No(s): WP-C-3.3

Exhibit No. 12.0

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Period Reported 2001

Line No.		Total Company	Southern/ Peoria/Streator/ Pontiac	Champaign District	Sterling District	Pekin District	Lincoln District
1	Reengineering Amortization Projection	\$0	\$0	\$0	\$0	\$0	\$0
2	Adjustment	<u>88,189</u>	<u>80,173</u>	<u>0</u>	<u>0</u>	<u>8,016</u>	<u>0</u>
3	Reengineering Amortization	<u>\$88,189</u>	<u>\$80,173</u>	<u>\$0</u>	<u>\$0</u>	<u>\$8,016</u>	<u>\$0</u>

4 This adjustment is made for ratemaking purposes to recover reengineering costs over a
5 ten year amortization period. The costs were incurred in connection with restructuring the
6 workforce at Illinois-American in 1999. Costs include assistance to severed associates such
7 as severance pay, health care premiums for six months, and counseling. Amortization is
8 allocated to the traditional Illinois-American operating districts by relative customer levels.

Schedule No. C-3.4

Iowa Cost Allocation
Docket No.

Company Illinois-American Water Company

Exhibit No. 12.0

Total Company

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Individual responsible S. E. Cazadd

Period Reported 1999 - 2001

Workpaper Reference No(s): WP-C-3.4

Line No.		Historical Year <u>12/31/99</u>	Current Year <u>2000</u>	Projected Year <u>2001</u>	<u>Adjustment</u>	Present Rates <u>2001</u>
1	Iowa Cost Allocation	\$0	\$0	\$0	(\$150,096)	(\$150,096)

- 2 This adjustment is made to correct information used in the Company's projected 2001 expenses.
3 Subsequent to the preparation of those projections, certain management oversight responsibilities
4 for another affiliated company were assigned to individuals projected to be Illinois-American
5 associates. Estimated cost reductions to Illinois-American are presented as one category.

Schedule No. C-3.4

Iowa Cost Allocation
Docket No.

Company Illinois-American Water Company

Southern/Peoria/Streator/Pontiac, Champaign, Sterling, Pekin, Lincoln

Individual responsible S. E. Cazadd

Workpaper Reference No(s): WP-C-3.4

Exhibit No. 12.0

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Period Reported 2001

<u>Line No.</u>		<u>Total Company</u>	<u>Southern/Peoria/Streator/Pontiac</u>	<u>Champaign District</u>	<u>Sterling District</u>	<u>Pekin District</u>	<u>Lincoln District</u>
1	Iowa Cost Allocation Projections	\$0	\$0	\$0	\$0	\$0	\$0
2	Adjustment	<u>(150.096)</u>	<u>(107.856)</u>	<u>(33.088)</u>	<u>(4.832)</u>	<u>0</u>	<u>(4.320)</u>
3	Iowa Cost Allocation	<u>(\$150.096)</u>	<u>(\$107.856)</u>	<u>(\$33.088)</u>	<u>(\$4.832)</u>	<u>\$0</u>	<u>(\$4.320)</u>

4 This adjustment is made to correct information used in the Company's projected 2001 expenses.
5 Subsequent to the preparation of those projections, certain management oversight responsibilities
6 for another affiliated company were assigned to individuals projected to be Illinois-American
7 associates. Cost reductions are assigned to all districts other than Pekin.

Schedule No. C-3.5

Labor Vacancy Adjustment
Docket No.

Company Illinois-American Water Company

Exhibit No. 12.0

Total Company

Page 1 of 2

Individual responsible S. E. Cazadd

Period Reported 1999 - 2001

Workpaper Reference No(s): WP-C-3.5

Line No.		Historical Year <u>12/31/99</u>	Current Year <u>2000</u>	Projected Year <u>2001</u>	<u>Adjustment</u>	Present Rates <u>2001</u>
1	Labor Expense	\$18,666,464	\$17,914,418	\$18,267,951	(\$454,703)	\$17,813,248

2 This adjustment is made for ratemaking purposes to reflect potential labor vacancies from authorized levels.

Labor Vacancy Adjustment
Docket No.

Exhibit No. 12.0

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Period Reported 2001

<u>Line No.</u>		<u>Total Company</u>	<u>Peoria/Streator/ Pontiac</u>	<u>Champaign District</u>	<u>Sterling District</u>	<u>Pekin District</u>	<u>Lincoln District</u>
1	Labor Expense Projections	\$18,267,951	\$13,207,971	\$3,083,012	\$547,695	\$876,427	\$552,846
2	Adjustment	(454,703)	(344,555)	(81,194)	(14,070)	0	(14,884)
3	Labor Expense	<u>\$17,813,248</u>	<u>\$12,863,416</u>	<u>\$3,001,818</u>	<u>\$533,625</u>	<u>\$876,427</u>	<u>\$537,962</u>
4	This adjustment is made for ratemaking purposes to reflect potential labor vacancies from authorized levels.						
5	A percentage reduction is made to all district other than the Pekin District.						

Schedule No. C-3.6

Adjustment of Depreciation Expense
Docket No.

Company Illinois-American Water Company

Exhibit No. 12.0

Total Company

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Individual responsible S. E. Cazadd

Period Reported 1999 - 2001

Workpaper Reference No(s): WP-C-3.6

Line No. -----	Description -----	Historic Year <u>1999</u>	Current Year <u>2000</u>	Projected Year <u>2001</u>	<u>Adjustment</u>	Present Rates <u>2001</u>
1	Depreciation Expense	\$13,928,719	\$14,615,015	\$16,621,543	\$971,255	\$17,592,798

2 This adjustment for ratemaking purposes is necessary to reflect the net increase in depreciation expense due to the application
3 of the new proposed depreciation rates resulting from the depreciation study performed by Company Witness Earl Robinson.

Schedule No. C-3.6

Adjustment of Depreciation Expense
Docket No.

Company Illinois-American Water Company

Exhibit No. 12.0

Total Company

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Individual responsible S. E. Cazadd

Period Reported 2001

Workpaper Reference No(s): WP-C-3.6

Line No.		Total Company	Southern/ Peoria/Streator/ Pontiac	Champaign District	Sterling District	Pekin District	Lincoln District
1	Depreciation Expense Projection	\$16,621,543	\$12,544,112	\$2,466,532	\$340,768	\$755,249	\$514,882
2	Adjustment	<u>971,255</u>	<u>1,027,399</u>	<u>(45,397)</u>	<u>(21,800)</u>	<u>87,782</u>	<u>(76,729)</u>
3	Depreciation Expense	<u>\$17,592,798</u>	<u>\$13,571,511</u>	<u>\$2,421,135</u>	<u>\$318,968</u>	<u>\$843,031</u>	<u>\$438,153</u>

4 This adjustment for ratemaking purposes is necessary to reflect the net increase in depreciation expense due to the application of the
5 new proposed depreciation rates resulting from the depreciation study performed by Company Witness Earl Robinson. The depreciation
6 study was performed only for the traditional (i.e., premerger) Illinois-American plant. Accordingly, the new rates were applied strictly to
7 traditional plant. Through allocation depreciation of certain Illinois-American administrative centers, some affect was allocated to all districts.

Schedule No. C-3.7

Adjustment of Deferred Taxes - Depreciation Expense
Docket No.

Company Illinois-American Water Company

Exhibit No. 12.0

Total Company

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Individual responsible S.E. Cazadd

Period Reported 1999 - 2001

Workpaper Reference No(s): WP-C-3.7

Line No.		Historical Year <u>12/31/99</u>	Current Year <u>2000</u>	Projected Year <u>2001</u>	Adjustment	Present Rates <u>2001</u>
1	Deferred federal income tax	(\$131,841)	\$101,990	(\$616,591)	(\$326,348)	(\$942,939)
2	Deferred state income tax	11,675	331,742	(72,506)	(38,833)	(111,339)
3	An adjustment for ratemaking purposes is necessary to properly reflect the level of deferred					
4	income tax expense resulting from the adoption of proposed book depreciation rates.					
5				<u>Federal</u>		<u>State</u>
6	Projected book depreciation			\$16,621,543		\$16,621,543
7	Proposed book depreciation with new rates			<u>17,592,798</u>		<u>17,592,798</u>
8	Change			(971,255)		(971,255)
9	State income tax at 54.77% of 7.3%			<u>38,833</u>		<u>(38,833)</u>
10	State income tax deferred			<u>38,833</u>		<u>(38,833)</u>
11	Amount taxable at federal rate			<u>(932,422)</u>		
12	Federal income tax deferred at 35%			<u>(326,348)</u>		
13	Total deferred tax change due to depreciation rate change			<u>(\$326,348)</u>		<u>(\$38,833)</u>

Schedule No. C-3.7

Adjustment of Deferred Taxes - Depreciation Expense
Docket No.

Company Illinois-American Water Company

Exhibit No. 12.0

Southern/Peoria/Streator/Pontiac, Champaign, Sterling, Pekin, Lincoln

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Individual responsible S.E. Cazadd

Period Reported 2001

Workpaper Reference No(s): WP-C-3.7

Line No.		Total Company	Southern/ Peoria/Streator/ Pontiac	Champaign District	Sterling District	Pekin District	Lincoln District
1	Deferred federal inc. tax adjustment - depreciation expense	(\$326,348)	(\$345,213)	\$15,254	\$7,325	(\$29,495)	\$25,781
2	Deferred state inc. tax adjustment - depreciation expense	(38,833)	(41,078)	1,815	872	(3,510)	3,068

3 An adjustment for ratemaking purposes is necessary to properly reflect the level of deferred
4 income tax expense resulting from the adoption of proposed book depreciation rates.

Schedule No. C-3.8
Calculation of Federal and State Income Taxes at Present Rates
Docket No.

Illinois-American Water Company
Total Company
Individual responsible: S.E. Cazadd

Exhibit No. 12.0
Page 1 of 9
Period Reported 1999 - 2001

Line No.	Description	Historical Year 12/31/99	Current Year 2000	Projected Year 2001	Adjustment	Present Rates
1	Federal income tax	\$7,390,517	\$8,443,635	\$6,495,265	\$37,531	\$6,532,796
2	State income tax	1,021,920	271,314	783,560	(82,739)	700,821
3						
4					at Present Rates	
					Federal	State
5	Utility operating income				\$22,809,489	\$22,809,489
6	Deduct:					
7	Interest costs (*)				12,293,754	12,293,754
8	Add:					
9	Federal income tax				6,532,796	6,532,796
10	State income tax					700,825
11	Deferred federal income tax - accelerated depreciation				(1,044,470)	(1,044,470)
12	Deferred state income tax - accelerated depreciation				(195,642)	(195,642)
13	Deferred federal income tax - other				101,528	101,528
14	Deferred state income tax - other				84,304	84,304
15	Taxable meals and travel expenses				117,762	117,762
16	Pension expense - FAS 87				692,087	692,087
17	Amortization of programmed maintenance expense				475,134	475,134
18	Amortization of investment tax credit				(276,899)	(276,899)
19	Amortization of state investment tax credit					(38,599)
20	Amortization of AFUDC reg. asset and LTUP				24,384	24,384
	Lincoln Acquisition Adjustment					
21	Depreciation - book basis				17,592,798	17,592,798
22	Deferred State ITC					74,893
23	Amortization of regulatory expense				108,871	108,871
	LT Accruals, Incentive Plan					
					24,212,653	24,949,772
24	Deduct:					
25	Depreciation - tax basis				13,978,791	13,978,791
26	Balance				20,749,597	21,486,716
27	Less: Cost of Removal and proceeds adjustment for ADR/ACRS/MACRS property				270,900	270,900
28	Less: Programmed maintenance expense				1,324,039	1,324,039
29	Less: Rate case expense					
30	Less: Property Losses				490,296	490,296
	Less: Incentive Plan Payouts					
31	Taxable income				18,664,362	19,401,481
32	<u>Tax Calculation</u>					
33	Taxable income for state income tax					19,401,481
34	State income tax at 54.77% of 7.3%**					775,714
35	Subtotal					775,714
36	Less: Deferred State ITC					74,893
37	Federal income tax at 35%				6,532,796	
38	Federal and state income tax				\$6,532,796	\$700,821

39 * Rate base x weighted cost of debt calculated by excluding Investment Tax Credits and retained earnings resulting from the rate increase.

40 ** Developed by using a five year average of actual taxable income to stand-alone taxable income.

Schedule No. C-3.8
Calculation of Federal and State Income Taxes at Present Rates
Docket No.

Illinois-American Water Company
Southern/Peoria/Streator/Pontiac
Individual responsible: S.E. Cazadd

Exhibit No. 12.0
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Period Reported 1999 - 2001

Line No.	Description	Historical Year 12/31/99	Current Year 2000	Projected Year 2001	Adjustment		Present Rates
1	Federal income tax	\$5,562,760	\$6,515,109	\$5,011,746	\$81,290		\$5,093,036
2	State income tax	754,941	235,277	608,134	(53,700)		554,434
3					at Present Rates		
4					<u>Federal</u>	<u>State</u>	
5	Utility operating income				\$17,372,089	\$17,372,089	
6	Deduct:						
7	Interest costs (*)				9,489,875	9,489,875	
8	Add:						
9	Federal income tax				5,093,036	5,093,036	
10	State income tax					554,434	
11	Deferred federal income tax - accelerated depreciation				(911,523)	(911,523)	
12	Deferred state income tax - accelerated depreciation				(164,738)	(164,738)	
13	Deferred federal income tax - other				80,065	80,065	
14	Deferred state income tax - other				66,483	66,483	
15	Taxable meals and travel expenses				90,866	90,866	
16	Pension expense - FAS 87				500,387	500,387	
17	Amortization of programmed maintenance expense				366,613	366,613	
18	Amortization of investment tax credit				(218,363)	(218,363)	
19	Amortization of state investment tax credit					(26,020)	
20	Amortization of AFUDC reg. asset and LTUP				18,036	18,036	
21	Lincoln Acquisition Adjustment						
22	Depreciation - book basis				13,571,511	13,571,511	
23	Deferred State ITC					50,485	
23	Amortization of regulatory expense				73,389	73,389	
	LT Accruals, Incentive Plan						
					<u>18,565,762</u>	<u>19,144,661</u>	
24	Deduct:						
25	Depreciation - tax basis				10,288,210	10,288,210	
26	Balance				16,159,767	16,738,666	
27	Less: Cost of Removal and proceeds adjustment for ADR/ACRS/MACRS property				209,027	209,027	
28	Less: Programmed maintenance expense				1,021,629	1,021,629	
29	Less: Rate case expense						
30	Less: Property losses				378,311	378,311	
	Less: Incentive Plan Payouts						
					<u>14,550,800</u>	<u>15,129,699</u>	
31	Taxable income						
32	<u>Tax Calculation</u>						
33	Taxable income for state income tax					15,129,699	
34	State income tax at 54.77% of 7.3%**					604,919	
35	Subtotal					604,919	
36	Less: Deferred State ITC					50,485	
37	Federal income tax at 35%				5,093,036		
38	Federal and state income tax				<u>\$5,093,036</u>	<u>\$554,434</u>	

39 * Rate base x weighted cost of debt calculated by excluding Investment Tax Credits and retained earnings resulting from the rate increase.

40 ** Developed by using a five year average of actual taxable income to stand-alone taxable income.

Schedule No. C-3.8
Calculation of Federal and State Income Taxes at Present Rates
Docket No.

Illinois-American Water Company
Champaign District
Individual responsible: S.E. Cazadd

Exhibit No. 12.0
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Period Reported 1999 - 2001

Line No.	Description	Historical Year 12/31/99	Current Year 2000	Projected Year 2001	Adjustment	Present Rates
1	Federal income tax	\$990,071	\$1,070,653	\$823,600	(\$143,650)	\$679,950
2	State income tax	177,575	13,125	96,451	(31,359)	65,092
3					at Present Rates	
4					Federal	State
5	Utility operating income				\$3,205,170	\$3,205,170
6	Deduct:					
7	Interest costs (*)				1,801,378	1,801,378
8	Add:					
9	Federal income tax				679,950	679,950
10	State income tax					65,092
11	Deferred federal income tax - accelerated depreciation				(73,865)	(73,865)
12	Deferred state income tax - accelerated depreciation				(17,645)	(17,645)
13	Deferred federal income tax - other				12,600	12,600
14	Deferred state income tax - other				10,462	10,462
15	Taxable meals and travel expenses				14,932	14,932
16	Pension expense - FAS 87				116,801	116,801
17	Amortization of programmed maintenance expense				60,247	60,247
18	Amortization of investment tax credit				(34,363)	(34,363)
19	Amortization of state investment tax credit					(7,982)
20	Amortization of AFUDC reg. asset and LTUP				4,028	4,028
	Lincoln Acquisition Adjustment					
21	Depreciation - book basis				2,421,135	2,421,135
22	Deferred State ITC					15,488
23	Amortization of regulatory expense				22,515	22,515
	LT Accruals, Incentive Plan					
					3,216,797	3,289,395
24	Deduct:					
25	Depreciation - tax basis				2,413,472	2,413,472
26	Balance				2,207,117	2,279,715
27	Less: Cost of Removal and proceeds adjustment for ADR/ACRS/MACRS property				34,350	34,350
28	Less: Programmed maintenance expense				167,888	167,888
29	Less: Rate case expense					
30	Less: Property losses				62,170	62,170
	Less: Incentive Plan Payouts					
31	Taxable income				1,942,709	2,015,307
32	<u>Tax Calculation</u>					
33	Taxable income for state income tax					2,015,307
34	State income tax at 54.77% of 7.3%**					80,580
35	Subtotal					80,580
36	Less: Deferred State ITC					15,488
37	Federal income tax at 35%				679,950	
38	Federal and state income tax				\$679,950	\$65,092

39 * Rate base x weighted cost of debt calculated by excluding Investment Tax Credits and retained earnings resulting from the rate increase.

40 ** Developed by using a five year average of actual taxable income to stand-alone taxable income.

Schedule No. C-3.8
Calculation of Federal and State Income Taxes at Present Rates
Docket No.

Illinois-American Water Company
Sterling District
Individual responsible: S.E. Cazadd

Exhibit No. 12.0
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Period Reported 1999 - 2001

Line No.	Description	Historical Year 12/31/99	Current Year 2000	Projected Year 2001	Adjustment	Present Rates
1	Federal income tax	\$146,155	\$135,098	\$103,924	(\$13,014)	\$90,910
2	State income tax	26,361	565	12,022	(3,515)	8,507
3						
4					at Present Rates	
					Federal	State
5	Utility operating income				\$414,222	\$414,222
6	Deduct:					
7	Interest costs (*)				239,641	239,641
8	Add:					
9	Federal income tax				90,910	90,910
10	State income tax					8,507
11	Deferred federal income tax - accelerated depreciation				(5,027)	(5,027)
12	Deferred state income tax - accelerated depreciation				(1,825)	(1,825)
13	Deferred federal income tax - other				1,746	1,746
14	Deferred state income tax - other				1,450	1,450
15	Taxable meals and travel expenses				1,884	1,884
16	Pension expense - FAS 87				20,750	20,750
17	Amortization of programmed maintenance expense				7,603	7,603
18	Amortization of investment tax credit				(4,763)	(4,763)
19	Amortization of state investment tax credit					(1,166)
20	Amortization of AFUDC reg. asset and LTUP				588	588
	Lincoln Acquisition Adjustment					
21	Depreciation - book basis				318,968	318,968
22	Deferred State ITC					2,262
23	Amortization of regulatory expense				3,288	3,288
	LT Accruals, Incentive Plan					
					435,572	445,175
24	Deduct:					
25	Depreciation - tax basis				317,045	317,045
26	Balance				293,108	302,711
27	Less: Cost of Removal and proceeds adjustment for ADR/ACRS/MACRS property				4,334	4,334
28	Less: Programmed maintenance expense				21,185	21,185
29	Less: Rate case expense					
30	Less: Property losses				7,845	7,845
	Less: Incentive Plan Payouts					
31	Taxable income				259,744	269,347
32	<u>Tax Calculation</u>					
33	Taxable income for state income tax					269,347
34	State income tax at 54.77% of 7.3%**					10,769
35	Subtotal					10,769
36	Less: Deferred State ITC					2,262
37	Federal income tax at 35%				90,910	
38	Federal and state income tax				\$90,910	\$8,507

39 * Rate base x weighted cost of debt calculated by excluding Investment Tax Credits and retained earnings resulting from the rate increase.

40 ** Developed by using a five year average of actual taxable income to stand-alone taxable income.

Schedule No. C-3.8
Calculation of Federal and State Income Taxes at Present Rates
Docket No.

Illinois-American Water Company
Pekin District
Individual responsible: S.E. Cazadd

Exhibit No. 12.0
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Line No.	Description	Historical Year 12/31/99	Current Year 2000	Projected Year 2001	Adjustment	Present Rates
1	Federal income tax	\$419,292	\$471,155	\$362,436	\$56,164	\$418,600
2	State income tax	55,647	13,517	43,501	1,572	45,073
3						
4						
					at Present Rates	
					Federal	State
5	Utility operating income				\$1,135,686	\$1,135,686
6	Deduct:					
7	Interest costs (*)				445,036	445,036
8	Add:					
9	Federal income tax				418,600	418,600
10	State income tax					45,073
11	Deferred federal income tax - accelerated depreciation				(60,949)	(60,949)
12	Deferred state income tax - accelerated depreciation				(10,378)	(10,378)
13	Deferred federal income tax - other				4,447	4,447
14	Deferred state income tax - other				3,692	3,692
15	Taxable meals and travel expenses				6,571	6,571
16	Pension expense - FAS 87				33,204	33,204
17	Amortization of programmed maintenance expense				26,512	26,512
18	Amortization of investment tax credit				(12,128)	(12,128)
19	Amortization of state investment tax credit					(2,389)
20	Amortization of AFUDC reg. asset and LTUP				1,206	1,206
	Lincoln Acquisition Adjustment					
21	Depreciation - book basis				843,031	843,031
22	Deferred State ITC					4,636
23	Amortization of regulatory expense				6,739	6,739
	LT Accruals, Incentive Plan					
					1,260,547	1,307,867
24	Deduct:					
25	Depreciation - tax basis				638,883	638,883
26	Balance				1,312,314	1,359,634
27	Less: Cost of Removal and proceeds adjustment for ADR/ACRS/MACRS property				15,116	15,116
28	Less: Programmed maintenance expense				73,881	73,881
29	Less: Rate case expense					
30	Less: Property losses				27,359	27,359
	Less: Incentive Plan Payouts					
					1,195,958	1,243,278
31	Taxable income					
32	Tax Calculation					
33	Taxable income for state income tax					1,243,278
34	State income tax at 54.77% of 7.3%**					49,709
35	Subtotal					49,709
36	Less: Deferred State ITC					4,636
37	Federal income tax at 35%				418,600	
38	Federal and state income tax				\$418,600	\$45,073

39 * Rate base x weighted cost of debt calculated by excluding Investment Tax Credits and retained earnings resulting from the rate increase.

40 ** Developed by using a five year average of actual taxable income to stand-alone taxable income.

Schedule No. C-3.8
Calculation of Federal and State Income Taxes at Present Rates
Docket No.

Illinois-American Water Company
Lincoln District
Individual responsible: S.E. Cazadd

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Line No.	Description	Historical Year 12/31/99	Current Year 2000	Projected Year 2001	Adjustment	Present Rates
1	Federal income tax	\$272,239	\$251,620	\$193,559	\$56,741	\$250,300
2	State income tax	7,396	8,830	23,452	4,267	27,719
3					at Present Rates	
4					<u>Federal</u>	<u>State</u>
5	Utility operating income				<u>\$682,322</u>	<u>\$682,322</u>
6	Deduct:					
7	Interest costs (*)				<u>317,824</u>	<u>317,824</u>
8	Add:					
9	Federal income tax				250,300	250,300
10	State income tax					27,719
11	Deferred federal income tax - accelerated depreciation				6,894	6,894
12	Deferred state income tax - accelerated depreciation				(1,056)	(1,056)
13	Deferred federal income tax - other				2,670	2,670
14	Deferred state income tax - other				2,217	2,217
15	Taxable meals and travel expenses				3,509	3,509
16	Pension expense - FAS 87				20,945	20,945
17	Amortization of programmed maintenance expense				14,159	14,159
18	Amortization of investment tax credit				(7,282)	(7,282)
19	Amortization of state investment tax credit					(1,042)
20	Amortization of AFUDC reg. asset and LTUP				526	526
	Lincoln Acquisition Adjustment					
21	Depreciation - book basis				438,153	438,153
22	Deferred State ITC					2,022
23	Amortization of regulatory expense				2,940	2,940
	LT Accruals, Incentive Plan					
					<u>733,975</u>	<u>762,674</u>
24	Deduct:					
25	Depreciation - tax basis				321,181	321,181
26	Balance				777,292	805,991
27	Less: Cost of Removal and proceeds adjustment for ADR/ACRS/MACRS property				8,073	8,073
28	Less: Programmed maintenance expense				39,456	39,456
29	Less: Rate case expense					
30	Less: Property losses				14,611	14,611
	Less: Incentive Plan Payouts					
31	Taxable income				<u>715,152</u>	<u>743,851</u>
32	<u>Tax Calculation</u>					
33	Taxable income for state income tax					743,851
34	State income tax at 54.77% of 7.3%**					<u>29,741</u>
35	Subtotal					29,741
36	Less: Deferred State ITC					2,022
37	Federal income tax at 35%				250,300	
38	Federal and state income tax				<u>\$250,300</u>	<u>\$27,719</u>

39 * Rate base x weighted cost of debt calculated by excluding Investment Tax Credits and retained earnings resulting from the rate increase.

40 ** Developed by using a five year average of actual taxable income to stand-alone taxable income.

Schedule No. C-3.8
Calculation of Federal and State Income Taxes at Present Rates
Docket No.

Illinois-American Water Company
Streator District
Individual responsible: S.E. Cazadd

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Line No.	Description	Historical Year 12/31/99	Current Year 2000	Projected Year 2001	Adjustment	Present Rates
1	Federal income tax	\$161,975	\$186,604	\$143,545	(\$26,839)	\$116,706
2	State income tax	30,881	2,459	16,834	(5,655)	11,179
3						
4					<u>at Present Rates</u>	
					<u>Federal</u>	<u>State</u>
5	Utility operating income				\$569,360	\$569,360
6	Deduct:					
7	Interest costs (*)				324,325	324,325
8	Add:					
9	Federal income tax				116,706	116,706
10	State income tax					11,179
11	Deferred federal income tax - accelerated depreciation				(10,531)	(10,531)
12	Deferred state income tax - accelerated depreciation				(2,837)	(2,837)
13	Deferred federal income tax - other				2,254	2,254
14	Deferred state income tax - other				1,872	1,872
15	Taxable meals and travel expenses				2,603	2,603
16	Pension expense - FAS 87				26,558	26,558
17	Amortization of programmed maintenance expense				10,500	10,500
18	Amortization of investment tax credit				(6,147)	(6,147)
19	Amortization of state investment tax credit					(1,366)
20	Amortization of AFUDC reg. asset and LTUP				689	689
	Lincoln Acquisition Adjustment					
21	Depreciation - book basis				401,539	401,539
22	Deferred State ITC					2,651
23	Amortization of regulatory expense				3,854	3,854
	LT Accruals, Incentive Plan					
					<u>547,060</u>	<u>559,524</u>
24	Deduct:					
25	Depreciation - tax basis				412,565	412,565
26	Balance				379,530	391,994
27	Less: Cost of Removal and proceeds adjustment for ADR/ACRS/MACRS property				5,987	5,987
28	Less: Programmed maintenance expense				29,261	29,261
29	Less: Rate case expense					
30	Less: Property losses				10,836	10,836
	Less: Incentive Plan Payouts					
31	Taxable income				<u>333,446</u>	<u>345,910</u>
32	<u>Tax Calculation</u>					
33	Taxable income for state income tax					345,910
34	State income tax at 54.77% of 7.3%**					<u>13,830</u>
35	Subtotal					13,830
36	Less: Deferred State ITC					2,651
37	Federal income tax at 35%				116,706	
38	Federal and state income tax				<u>\$116,706</u>	<u>\$11,179</u>

39 * Rate base x weighted cost of debt calculated by excluding Investment Tax Credits and retained earnings resulting from the rate increase.

40 ** Developed by using a five year average of actual taxable income to stand-alone taxable income.

Schedule No. C-3.9
Calculation of Federal and State Income Taxes at Present Rates
Docket No.

Illinois-American Water Company
Southern and Peoria
Individual responsible: S.E. Cazadd

Exhibit No. 12.0
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Line No.	Description	Historical Year 12/31/99	Current Year 2000	Projected Year 2001	Adjustment	Present Rates
1	Federal income tax	\$5,208,787	\$6,098,837	\$4,691,530	\$116,730	\$4,808,260
2	State income tax	691,288	223,337	569,701	(44,969)	524,732
3					at Present Rates	
4					Federal	State
5	Utility operating income				\$16,147,923	\$16,147,923
6	Deduct:					
7	Interest costs (*)				8,845,677	8,845,677
8	Add:					
9	Federal income tax				4,808,260	4,808,260
10	State income tax					524,732
11	Deferred federal income tax - accelerated depreciation				(889,362)	(889,362)
12	Deferred state income tax - accelerated depreciation				(158,926)	(158,926)
13	Deferred federal income tax - other				75,548	75,548
14	Deferred state income tax - other				62,730	62,730
15	Taxable meals and travel expenses				85,060	85,060
16	Pension expense - FAS 87				452,732	452,732
17	Amortization of programmed maintenance expense				343,189	343,189
18	Amortization of investment tax credit				(206,041)	(206,041)
19	Amortization of state investment tax credit					(23,909)
20	Amortization of AFUDC reg. asset and LTUP				16,971	16,971
21	Lincoln Acquisition Adjustment					
21	Depreciation - book basis				12,827,038	12,827,038
22	Deferred State ITC					46,389
23	Amortization of regulatory expense				67,434	67,434
23	LT Accruals, Incentive Plan					
					17,484,633	18,031,845
24	Deduct:					
25	Depreciation - tax basis				9,543,556	9,543,556
26	Balance				15,243,323	15,790,535
27	Less: Cost of Removal and proceeds adjustment for ADR/ACRS/MACRS property				195,672	195,672
28	Less: Programmed maintenance expense				956,354	956,354
29	Less: Rate case expense					
30	Less: Property losses				354,139	354,139
30	Less: Incentive Plan Payouts					
31	Taxable income				13,737,158	14,284,370
32	Tax Calculation					
33	Taxable income for state income tax					14,284,370
34	State income tax at 54.77% of 7.3%**					571,121
35	Subtotal					571,121
36	Less: Deferred State ITC					46,389
37	Federal income tax at 35%				4,808,260	
38	Federal and state income tax				\$4,808,260	\$524,732

39 * Rate base x weighted cost of debt calculated by excluding Investment Tax Credits and retained earnings resulting from the rate increase.

40 ** Developed by using a five year average of actual taxable income to stand-alone taxable income.

Schedule No. C-3.8
Calculation of Federal and State Income Taxes at Present Rates
Docket No.

Illinois-American Water Company
Pontiac District
Individual responsible: S.E. Cazadd

Exhibit No. 12.0
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Line No.	Description	Historical Year 12/31/99	Current Year 2000	Projected Year 2001	Adjustment	Present Rates
1	Federal income tax	\$191,998	\$229,668	\$176,671	(\$8,601)	\$168,070
2	State income tax	32,772	9,481	21,599	(3,076)	18,523
3					at Present Rates	
4					<u>Federal</u>	<u>State</u>
5	Utility operating income				\$654,806	\$654,806
6	Deduct:					
7	Interest costs (*)				<u>319,873</u>	<u>319,873</u>
8	Add:					
9	Federal income tax				168,070	168,070
10	State income tax					18,523
11	Deferred federal income tax - accelerated depreciation				(11,630)	(11,630)
12	Deferred state income tax - accelerated depreciation				(2,975)	(2,975)
13	Deferred federal income tax - other				2,263	2,263
14	Deferred state income tax - other				1,881	1,881
15	Taxable meals and travel expenses				3,203	3,203
16	Pension expense - FAS 87				21,097	21,097
17	Amortization of programmed maintenance expense				12,924	12,924
18	Amortization of investment tax credit				(6,175)	(6,175)
19	Amortization of state investment tax credit					(745)
20	Amortization of AFUDC reg. asset and LTUP				376	376
	Lincoln Acquisition Adjustment					
21	Depreciation - book basis				342,934	342,934
22	Deferred State ITC					1,445
23	Amortization of regulatory expense				2,101	2,101
	LT Accruals, Incentive Plan					
					<u>534,069</u>	<u>553,292</u>
24	Deduct:					
25	Depreciation - tax basis				332,089	332,089
26	Balance				536,913	556,136
27	Less: Cost of Removal and proceeds adjustment for ADR/ACRS/MACRS property					7,368
28	Less: Programmed maintenance expense				36,014	36,014
29	Less: Rate case expense					
30	Less: Property losses				13,336	13,336
	Less: Incentive Plan Payouts					
31	Taxable income				<u>480,195</u>	<u>499,418</u>
32	<u>Tax Calculation</u>					
33	Taxable income for state income tax					499,418
34	State income tax at 54.77% of 7.3%**					<u>19,968</u>
35	Subtotal					19,968
36	Less: Deferred State ITC					1,445
37	Federal income tax at 35%				168,070	
38	Federal and state income tax				<u>\$168,070</u>	<u>\$18,523</u>

39 * Rate base x weighted cost of debt calculated by excluding Investment Tax Credits and retained earnings resulting from the rate increase.

40 ** Developed by using a five year average of actual taxable income to stand-alone taxable income.

Schedule No. C-3.9
Adjustment of Uncollectible Accounts Expense Under Proposed Rates
Docket No.

Illinois-American Water Company
Southern/Peoria/Streator/Pontiac, Champaign, Sterling, Pekin, Lincoln
Individual responsible: S.E. Cazadd

Exhibit No. 12.0
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<u>Line No.</u>						
1	The following adjustment has been made to uncollectible accounts expense under present rates in order to					
2	reflect the effect of the proposed rate increase on this particular expense. The adjustment was calculated by					
3	multiplying the test year ratio of uncollectible accounts expense to billed revenues by the proposed revenue					
4	increase.					
5						
6		<u>Total</u>	<u>Southern/ Peoria/Streator/ Pontiac</u>	<u>Champaign District</u>	<u>Sterling District</u>	<u>Pekin District</u>
7						<u>Lincoln District</u>
8	Uncollectible Accounts Expense at Present Rates	\$650,558	\$556,470	\$59,930	\$4,942	\$17,170
9	Adjustment	58,821	47,389	9,976	1,456	
10	Uncollectible Accounts Expense at Proposed Rates	<u>\$709,379</u>	<u>\$603,859</u>	<u>\$69,906</u>	<u>\$6,398</u>	<u>\$17,170</u>
11	Proposed Increase in Revenues	\$8,956,992	\$7,216,157	\$1,519,095	\$221,740	
12	Uncollectible Ratio	0.006567	0.006567	0.006567	0.006567	0.006567
13	Uncollectible Accounts Adjustment	\$58,821	\$47,389	\$9,976	\$1,456	

Schedule No. C-3.9
Adjustment of Uncollectible Accounts Expense Under Proposed Rates
Docket No.

Illinois-American Water Company
Total Company
Individual responsible: S.E. Cazadd

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Line
No.

1 The following adjustment has been made to uncollectible accounts expense under present rates in order to
2 reflect the effect of the proposed rate increase on this particular expense. The adjustment was calculated by
3 multiplying the test year ratio of uncollectible accounts expense to billed revenues by the proposed revenue
4 increase.

5		<u>Total Company</u>
6	Uncollectible Accounts Expense at Present Rates	\$650,558
7	Adjustment	<u>58,821</u>
8	Uncollectible Accounts Expense at Proposed Rates	<u>\$709,379</u>
9	Proposed Increase in Revenues	\$8,956,992
10	Uncollectible Ratio	<u>0.006567</u>
11	Uncollectible Accounts Adjustment	<u>\$58,821</u>
12	Test Year Uncollectible Accounts Expense	\$650,558
13	Test Year Water Revenues	<u>99,066,364</u>
14	Uncollectible Ratio	<u><u>0.006567</u></u>

Schedule No. C-3.10
Adjustment of Public Utilities Invested Capital Tax Expense Under Proposed Rates
Docket No.

Illinois-American Water Company
Southern/Peoria/Streator/Pontiac, Champaign, Sterling, Pekin, Lincoln
Individual responsible: S.E. Cazadd

Exhibit No. 12.0
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Period Reported 2001

Line No.						
1	The following adjustment has been made to Invested Capital Tax Expense under present rates in order to					
2	reflect the effect of the proposed rate increase on this particular expense. The adjustment was calculated by					
3	multiplying the tax rate of 0.8% by the proposed increase in retained earnings.					
4						
5		Total	Southern/ Peoria/Streator/ Pontiac	Champaign District	Sterling District	Pekin District
6		<u>Company</u>				Lincoln District
7	Invested Capital Tax Expense at Present Rates	\$2,377,656	\$1,835,312	\$348,327	\$46,364	\$86,071
8	Adjustment	9,687	7,804	1,643	240	
9	Invested Capital Tax Expense at Proposed Rates	<u>\$2,387,343</u>	<u>\$1,843,116</u>	<u>\$349,970</u>	<u>\$46,604</u>	<u>\$86,071</u>
10	Proposed Increase in Retained Earnings	\$1,210,900	\$975,524	\$205,391	\$29,985	
11	Public Utilities Invested Capital Tax Rate	0.0080	0.0080	0.0080	0.0080	0.0080
12	Public Utilities Invested Capital Tax Adjustment	<u>\$9,687</u>	<u>\$7,804</u>	<u>\$1,643</u>	<u>\$240</u>	

Schedule No. C-3.10
Adjustment of Public Utilities Invested Capital Tax Expense Under Proposed Rates
Docket No.

Illinois-American Water Company
Total Company
Individual responsible: S.E. Cazadd

Exhibit No. 12.0
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Line
No.

1 The following adjustment has been made to Invested Capital Tax Expense under present rates in order to
2 reflect the effect of the proposed rate increase on this particular expense. The adjustment was calculated by
3 multiplying the tax rate of 0.8% by the proposed increase in retained earnings.

4
5

Total
Company

6 Invested Capital Tax Expense at Present Rates
7 Adjustment
8 Invested Capital Tax Expense at Proposed Rates

\$2,377,656
9,687
\$2,387,343

9 Proposed Increase in Retained Earnings
10 Public Utilities Invested Capital Tax Rate
11 Public Utilities Invested Capital Tax Adjustment

\$1,210,900
0.0080
\$9,687

Schedule No. C-3.11
Calculation of Federal and State Income Taxes at Proposed Rates
Docket No.

Illinois-American Water Company
Total Company
Individual responsible: S.E. Cazadd

Exhibit No. 12.0
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Line No.	Description	Present Rates	Adjustment	Proposed Rates
1	Federal income tax	\$6,532,796	\$2,996,368	\$9,529,164
2	State income tax	700,825	356,569	1,057,394
3	The Company is adjusting its federal and state income taxes to reflect the increase in taxes resulting from the proposed increase			
4	in revenues after giving effect to the increase in the uncollectible accounts expense and the Public Utilities Invested Capital Tax expense.			
5		at Proposed Rates		
6		Federal	State	
7	Utility operating income	\$28,345,036	\$28,345,036	
8	Deduct:			
9	Interest costs (*)	12,263,881	12,263,881	
10	Add:			
11	Federal income tax	9,529,164	9,529,164	
12	State income tax		1,057,394	
13	Deferred federal income tax - accelerated depreciation	(1,044,470)	(1,044,470)	
14	Deferred state income tax - accelerated depreciation	(195,642)	(195,642)	
15	Deferred federal income tax - other	101,528	101,528	
16	Deferred state income tax - other	84,304	84,304	
17	Taxable meals and travel expenses	117,762	117,762	
18	Pension expense - FAS 87	692,087	692,087	
19	Amortization of programmed maintenance expense	475,134	475,134	
20	Amortization of investment tax credit	(276,899)	(276,899)	
21	Amortization state of investment tax credit		(38,599)	
22	Amortization of AFUDC reg. asset and LTUP	24,384	24,384	
23	Lincoln Acquisition Adjustment			
24	Depreciation - book basis	17,592,798	17,592,798	
25	Deferred State ITC		74,893	
25	Amortization of regulatory expense	108,871	108,871	
25	LT Accruals, Incentive Plan			
26	Deduct:			
27	Depreciation - tax basis	13,978,791	13,978,791	
28	Balance	29,311,385	30,405,073	
29	Less: Cost of Removal and proceeds adjustment for ADR/ACRS/MACRS property	270,900	270,900	
30	Less: Programmed maintenance expense	1,324,039	1,324,039	
31	Less: Rate case expense			
32	Less: Property Losses	490,296	490,296	
32	Less: Incentive Plan Payouts			
33	Taxable income	27,226,150	28,319,838	
34	Tax Calculation			
35	Taxable income for state income tax		28,319,838	
36	State income tax at 54.77% of 7.3%**		1,132,287	
37	Subtotal		1,132,287	
38	Less: Deferred State ITC		74,893	
39	Federal income tax at 35%	9,529,164		
40	Federal and state income tax	\$9,529,164	\$1,057,394	
41	* Rate base x weighted cost of debt (excluding Investment Tax Credits).			
42	** Developed by using a five year average of actual taxable income to stand-alone taxable income.			

Schedule No. C-3.11
Calculation of Federal and State Income Taxes at Proposed Rates
Docket No.

Illinois-American Water Company
Southern/Peoria/Streator/Pontiac
Individual responsible: S.E. Cazadd

Exhibit No. 12.0
Page 2 of 9
Period Reported 1999 - 2001

Line No.	Description	Present Rates	Adjustment	Proposed Rates
1	Federal income tax	\$5,093,036	\$2,414,134	\$7,507,170
2	State income tax	554,434	287,291	841,725
3	The Company is adjusting its federal and state income taxes to reflect the increase in taxes resulting from the proposed increase			
4	in revenues after giving effect to the increase in the uncollectible accounts expense and the Public Utilities Invested Capital Tax expense.			
5		at Proposed Rates		
6		Federal	State	
7	Utility operating income	\$21,831,629	\$21,831,629	
8	Deduct:			
9	Interest costs (*)	\$9,465,290	9,465,290	
10	Add:			
11	Federal income tax	7,507,170	7,507,170	
12	State income tax		841,725	
13	Deferred federal income tax - accelerated depreciation	(911,523)	(911,523)	
14	Deferred state income tax - accelerated depreciation	(164,738)	(164,738)	
15	Deferred federal income tax - other	80,065	80,065	
16	Deferred state income tax - other	66,483	66,483	
17	Taxable meals and travel expenses	90,866	90,866	
18	Pension expense - FAS 87	500,387	500,387	
19	Amortization of programmed maintenance expense	366,613	366,613	
20	Amortization of investment tax credit	(218,363)	(218,363)	
21	Amortization state of investment tax credit		(26,020)	
22	Amortization of AFUDC reg. asset and LTUP	18,036	18,036	
23	Lincoln Acquisition Adjustment			
24	Depreciation - book basis	13,571,511	13,571,511	
25	Deferred State ITC		50,485	
25	Amortization of regulatory expense	73,389	73,389	
25	LT Accruals, Incentive Plan			
26	Deduct:			
27	Depreciation - tax basis	10,288,210	10,288,210	
28	Balance	23,058,025	23,924,215	
29	Less: Cost of Removal and proceeds adjustment for ADR/ACRS/MACRS property	209,027	209,027	
30	Less: Programmed maintenance expense	1,021,629	1,021,629	
31	Less: Rate case expense			
32	Less: Property Losses	378,311	378,311	
32	Less: Incentive Plan Payouts			
33	Taxable income	21,449,058	22,315,248	
34	<u>Tax Calculation</u>			
35	Taxable income for state income tax		22,315,248	
36	State income tax at 54.77% of 7.3%**		892,210	
37	Subtotal		892,210	
38	Less: Deferred State ITC		50,485	
39	Federal income tax at 35%	7,507,170		
40	Federal and state income tax	\$7,507,170	841,725	
41	* Rate base x weighted cost of debt (excluding Investment Tax Credits).			
42	** Developed by using a five year average of actual taxable income to stand-alone taxable income.			

Schedule No. C-3.11
Calculation of Federal and State Income Taxes at Proposed Rates
Docket No.

Illinois-American Water Company
Champaign District
Individual responsible: S.E. Cazadd

Exhibit No. 12.0
Page 3 of 9
Period Reported 1999 - 2001

Line No.	Description	Present Rates	Adjustment	Proposed Rates
1	Federal income tax	\$679,950	\$508,089	\$1,188,039
2	State income tax	65,092	60,455	125,547
3	The Company is adjusting its federal and state income taxes to reflect the increase in taxes resulting from the proposed increase			
4	in revenues after giving effect to the increase in the uncollectible accounts expense and the Public Utilities Invested Capital Tax expense.			
5		at Proposed Rates		
6		Federal	State	
7	Utility operating income	\$4,144,102	\$4,144,102	
8	Deduct:			
9	Interest costs (*)	1,796,711	1,796,711	
10	Add:			
11	Federal income tax	1,188,039	1,188,039	
12	State income tax		125,547	
13	Deferred federal income tax - accelerated depreciation	(73,865)	(73,865)	
14	Deferred state income tax - accelerated depreciation	(17,645)	(17,645)	
15	Deferred federal income tax - other	12,600	12,600	
16	Deferred state income tax - other	10,462	10,462	
17	Taxable meals and travel expenses	14,932	14,932	
18	Pension expense - FAS 87	116,801	116,801	
19	Amortization of programmed maintenance expense	60,247	60,247	
20	Amortization of investment tax credit	(34,363)	(34,363)	
21	Amortization state of investment tax credit		(7,982)	
22	Amortization of AFUDC reg. asset and LTUP	4,028	4,028	
23	Lincoln Acquisition Adjustment			
24	Depreciation - book basis	2,421,135	2,421,135	
25	Deferred State ITC		15,488	
25	Amortization of regulatory expense	22,515	22,515	
25	LT Accruals, Incentive Plan			
		3,724,886	3,857,939	
26	Deduct:			
27	Depreciation - tax basis	2,413,472	2,413,472	
28	Balance	3,658,805	3,791,858	
29	Less: Cost of Removal and proceeds adjustment for ADR/ACRS/MACRS property	34,350	34,350	
30	Less: Programmed maintenance expense	167,888	167,888	
31	Less: Rate case expense			
32	Less: Property Losses	62,170	62,170	
32	Less: Incentive Plan Payouts			
		3,394,397	3,527,450	
33	Taxable income			
34	<u>Tax Calculation</u>			
35	Taxable income for state income tax		3,527,450	
36	State income tax at 54.77% of 7.3%**		141,035	
37	Subtotal		141,035	
38	Less: Deferred State ITC		15,488	
39	Federal income tax at 35%	1,188,039		
40	Federal and state income tax	\$1,188,039	\$125,547	
41	* Rate base x weighted cost of debt (excluding Investment Tax Credits).			
42	** Developed by using a five year average of actual taxable income to stand-alone taxable income.			

Schedule No. C-3.11
Calculation of Federal and State Income Taxes at Proposed Rates
Docket No.

Illinois-American Water Company
Sterling District
Individual responsible: S.E. Cazadd

Exhibit No. 12.0
Page 4 of 9
Period Reported 1999 - 2001

Line No.	Description	Present Rates	Adjustment	Proposed Rates
1	Federal income tax	\$90,910	\$74,145	\$165,055
2	State income tax	8,507	8,823	17,330
3	The Company is adjusting its federal and state income taxes to reflect the increase in taxes resulting from the proposed increase			
4	in revenues after giving effect to the increase in the uncollectible accounts expense and the Public Utilities Invested Capital Tax expense.			
5		at Proposed Rates		
6		Federal	State	
7	Utility operating income	\$551,298	\$551,298	
8	Deduct:			
9	Interest costs (*)	239,020	239,020	
10	Add:			
11	Federal income tax	165,055	165,055	
12	State income tax		17,330	
13	Deferred federal income tax - accelerated depreciation	(5,027)	(5,027)	
14	Deferred state income tax - accelerated depreciation	(1,825)	(1,825)	
15	Deferred federal income tax - other	1,746	1,746	
16	Deferred state income tax - other	1,450	1,450	
17	Taxable meals and travel expenses	1,884	1,884	
18	Pension expense - FAS 87	20,750	20,750	
19	Amortization of programmed maintenance expense	7,603	7,603	
20	Amortization of investment tax credit	(4,763)	(4,763)	
21	Amortization state of investment tax credit		(1,166)	
22	Amortization of AFUDC reg. asset and LTUP	588	588	
23	Lincoln Acquisition Adjustment			
24	Depreciation - book basis	318,968	318,968	
25	Deferred State ITC		2,262	
25	Amortization of regulatory expense	3,288	3,288	
25	LT Accruals, Incentive Plan			
		509,717	528,143	
26	Deduct:			
27	Depreciation - tax basis	317,045	317,045	
28	Balance	504,950	523,376	
29	Less: Cost of Removal and proceeds adjustment for ADR/ACRS/MACRS property	4,334	4,334	
30	Less: Programmed maintenance expense	21,185	21,185	
31	Less: Rate case expense			
32	Less: Property Losses	7,845	7,845	
32	Less: Incentive Plan Payouts			
		471,586	490,012	
33	Taxable income			
34	<u>Tax Calculation</u>			
35	Taxable income for state income tax		490,012	
36	State income tax at 54.77% of 7.3%**		19,592	
37	Subtotal		19,592	
38	Less: Deferred State ITC		2,262	
39	Federal income tax at 35%	165,055		
40	Federal and state income tax	\$165,055	\$17,330	
41	* Rate base x weighted cost of debt (excluding Investment Tax Credits).			
42	** Developed by using a five year average of actual taxable income to stand-alone taxable income.			

Schedule No. C-3.11
Calculation of Federal and State Income Taxes at Proposed Rates
Docket No.

Illinois-American Water Company
Pekin District
Individual responsible: S.E. Cazadd

Exhibit No. 12.0
Page 5 of 9
Period Reported 1999 - 2001

Line No.	Description	Present Rates	Adjustment	Proposed Rates
1	Federal income tax	\$418,600		\$418,600
2	State income tax	45,073		45,073
3	The Company is adjusting its federal and state income taxes to reflect the increase in taxes resulting from the proposed increase			
4	in revenues after giving effect to the increase in the uncollectible accounts expense and the Public Utilities Invested Capital Tax expense.			
5			at Proposed Rates	
6			<u>Federal</u>	<u>State</u>
7	Utility operating income		\$1,135,686	\$1,135,686
8	Deduct:			
9	Interest costs (*)		445,036	445,036
10	Add:			
11	Federal income tax		418,600	418,600
12	State income tax			45,073
13	Deferred federal income tax - accelerated depreciation		(60,949)	(60,949)
14	Deferred state income tax - accelerated depreciation		(10,378)	(10,378)
15	Deferred federal income tax - other		4,447	4,447
16	Deferred state income tax - other		3,692	3,692
17	Taxable meals and travel expenses		6,571	6,571
18	Pension expense - FAS 87		33,204	33,204
19	Amortization of programmed maintenance expense		26,512	26,512
20	Amortization of investment tax credit		(12,128)	(12,128)
21	Amortization state of investment tax credit			(2,389)
22	Amortization of AFUDC reg. asset and LTUP		1,206	1,206
23	Lincoln Acquisition Adjustment			
24	Depreciation - book basis		843,031	843,031
25	Deferred State ITC			4,636
25	Amortization of regulatory expense		6,739	6,739
	LT Accruals, Incentive Plan			
			<u>1,260,547</u>	<u>1,307,867</u>
26	Deduct:			
27	Depreciation - tax basis		638,883	638,883
28	Balance		1,312,314	1,359,634
29	Less: Cost of Removal and proceeds adjustment for ADR/ACRS/MACRS property		15,116	15,116
30	Less: Programmed maintenance expense		73,881	73,881
31	Less: Rate case expense			
32	Less: Property Losses		27,359	27,359
	Less: Incentive Plan Payouts			
			<u>1,195,958</u>	<u>1,243,278</u>
33	Taxable income			
34	<u>Tax Calculation</u>			
35	Taxable income for state income tax			1,243,278
36	State income tax at 54.77% of 7.3%**			<u>49,709</u>
37	Subtotal			49,709
38	Less: Deferred State ITC			<u>4,636</u>
39	Federal income tax at 35%		418,600	
40	Federal and state income tax		<u>\$418,600</u>	<u>\$45,073</u>
41	* Rate base x weighted cost of debt (excluding Investment Tax Credits).			
42	** Developed by using a five year average of actual taxable income to stand-alone taxable income.			

Schedule No. C-3.11
Calculation of Federal and State Income Taxes at Proposed Rates
Docket No.

Illinois-American Water Company
Lincoln District
Individual responsible: S.E. Cazadd

Exhibit No. 12.0
Page 6 of 9
Period Reported 1999 - 2001

Line No.	Description	Present Rates	Adjustment	Proposed Rates
1	Federal income tax	\$250,300		\$250,300
2	State income tax	27,719		27,719
3	The Company is adjusting its federal and state income taxes to reflect the increase in taxes resulting from the proposed increase			
4	in revenues after giving effect to the increase in the uncollectible accounts expense and the Public Utilities Invested Capital Tax expense.			
5			at Proposed Rates	
6			<u>Federal</u>	<u>State</u>
7	Utility operating income		<u>\$682,322</u>	<u>\$682,322</u>
8	Deduct:			
9	Interest costs (*)		<u>317,824</u>	<u>317,824</u>
10	Add:			
11	Federal income tax		250,300	250,300
12	State income tax			27,719
13	Deferred federal income tax - accelerated depreciation		6,894	6,894
14	Deferred state income tax - accelerated depreciation		(1,056)	(1,056)
15	Deferred federal income tax - other		2,670	2,670
16	Deferred state income tax - other		2,217	2,217
17	Taxable meals and travel expenses		3,509	3,509
18	Pension expense - FAS 87		20,945	20,945
19	Amortization of programmed maintenance expense		14,159	14,159
20	Amortization of investment tax credit		(7,282)	(7,282)
21	Amortization state of investment tax credit			(1,042)
22	Amortization of AFUDC reg. asset and LTUP		526	526
23	Lincoln Acquisition Adjustment			
23	Depreciation - book basis		438,153	438,153
24	Deferred State ITC			2,022
25	Amortization of regulatory expense		2,940	2,940
	LT Accruals, Incentive Plan			
			<u>733,975</u>	<u>762,674</u>
26	Deduct:			
27	Depreciation - tax basis		321,181	321,181
28	Balance		777,292	805,991
29	Less: Cost of Removal and proceeds adjustment for ADR/ACRS/MACRS property		8,073	8,073
30	Less: Programmed maintenance expense		39,456	39,456
31	Less: Rate case expense			
32	Less: Property Losses		14,611	14,611
	Less: Incentive Plan Payouts			
			<u>715,152</u>	<u>743,851</u>
33	Taxable income			
34	<u>Tax Calculation</u>			
35	Taxable income for state income tax			743,851
36	State income tax at 54.77% of 7.3%**			<u>29,741</u>
37	Subtotal			29,741
38	Less: Deferred State ITC			<u>2,022</u>
39	Federal income tax at 35%		250,300	
40	Federal and state income tax		<u>\$250,300</u>	<u>\$27,719</u>
41	* Rate base x weighted cost of debt (excluding Investment Tax Credits).			
42	** Developed by using a five year average of actual taxable income to stand-alone taxable income.			

Schedule No. C-3.11
Calculation of Federal and State Income Taxes at Proposed Rates
Docket No.

Illinois-American Water Company
Southern and Peoria
Individual responsible: S.E. Cazadd

Exhibit No. 12.0
Page 7 of 9
Period Reported 1999 - 2001

Line No.	Description	Present Rates	Adjustment	Proposed Rates
1	Federal income tax	\$4,808,260	\$2,274,410	\$7,082,670
2	State income tax	524,732	270,665	795,397
3	The Company is adjusting its federal and state income taxes to reflect the increase in taxes resulting from the proposed increase			
4	in revenues after giving effect to the increase in the uncollectible accounts expense and the Public Utilities Invested Capital Tax expense.			
5		at Proposed Rates		
6		Federal	State	
7	Utility operating income	\$20,349,640	\$20,349,640	
8	Deduct:			
9	Interest costs (*)	8,822,761	8,822,761	
10	Add:			
11	Federal income tax	7,082,670	7,082,670	
12	State income tax		795,397	
13	Deferred federal income tax - accelerated depreciation	(889,362)	(889,362)	
14	Deferred state income tax - accelerated depreciation	(158,926)	(158,926)	
15	Deferred federal income tax - other	75,548	75,548	
16	Deferred state income tax - other	62,730	62,730	
17	Taxable meals and travel expenses	85,060	85,060	
18	Pension expense - FAS 87	452,732	452,732	
19	Amortization of programmed maintenance expense	343,189	343,189	
20	Amortization of investment tax credit	(206,041)	(206,041)	
21	Amortization state of investment tax credit		(23,909)	
22	Amortization of AFUDC reg. asset and LTUP	16,971	16,971	
	Lincoln Acquisition Adjustment			
23	Depreciation - book basis	12,827,038	12,827,038	
24	Deferred State ITC		46,389	
25	Amortization of regulatory expense	67,434	67,434	
	LT Accruals, Incentive Plan			
		19,759,043	20,576,920	
26	Deduct:			
27	Depreciation - tax basis	9,543,556	9,543,556	
28	Balance	21,742,366	22,560,243	
29	Less: Cost of Removal and proceeds adjustment for ADR/ACRS/MACRS property	195,672	195,672	
30	Less: Programmed maintenance expense	956,354	956,354	
31	Less: Rate case expense			
32	Less: Property Losses	354,139	354,139	
	Less: Incentive Plan Payouts			
33	Taxable income	20,236,201	21,054,078	
34	<u>Tax Calculation</u>			
35	Taxable income for state income tax		21,054,078	
36	State income tax at 54.77% of 7.3%**		841,786	
37	Subtotal		841,786	
38	Less: Deferred State ITC		46,389	
39	Federal income tax at 35%	7,082,670		
40	Federal and state income tax	\$7,082,670	\$795,397	

41 * Rate base x weighted cost of debt (excluding Investment Tax Credits).

42 ** Developed by using a five year average of actual taxable income to stand-alone taxable income.

Schedule No. C-3.11
Calculation of Federal and State Income Taxes at Proposed Rates
Docket No.

Illinois-American Water Company
Streator District
Individual responsible: S.E. Cazadd

Exhibit No. 12.0
Page 8 of 9
Period Reported 1999 - 2001

Line No.	Description	Present Rates	Adjustment	Proposed Rates
1	Federal income tax	\$116,706	\$95,629	\$212,335
2	State income tax	11,179	11,379	22,558
3	The Company is adjusting its federal and state income taxes to reflect the increase in taxes resulting from the proposed increase			
4	in revenues after giving effect to the increase in the uncollectible accounts expense and the Public Utilities Invested Capital Tax expense.			
5		at Proposed Rates		
6		Federal	State	
7	Utility operating income	\$746,116	\$746,116	
8	Deduct:			
9	Interest costs (*)	323,485	323,485	
10	Add:			
11	Federal income tax	212,335	212,335	
12	State income tax		22,558	
13	Deferred federal income tax - accelerated depreciation	(10,531)	(10,531)	
14	Deferred state income tax - accelerated depreciation	(2,837)	(2,837)	
15	Deferred federal income tax - other	2,254	2,254	
16	Deferred state income tax - other	1,872	1,872	
17	Taxable meals and travel expenses	2,603	2,603	
18	Pension expense - FAS 87	26,558	26,558	
19	Amortization of programmed maintenance expense	10,500	10,500	
20	Amortization of investment tax credit	(6,147)	(6,147)	
21	Amortization state of investment tax credit		(1,366)	
22	Amortization of AFUDC reg. asset and LTUP	689	689	
23	Lincoln Acquisition Adjustment			
24	Depreciation - book basis	401,539	401,539	
25	Deferred State ITC		2,651	
25	Amortization of regulatory expense	3,854	3,854	
25	LT Accruals, Incentive Plan			
		642,689	666,532	
26	Deduct:			
27	Depreciation - tax basis	412,565	412,565	
28	Balance	652,755	676,598	
29	Less: Cost of Removal and proceeds adjustment for ADR/ACRS/MACRS property	5,987	5,987	
30	Less: Programmed maintenance expense	29,261	29,261	
31	Less: Rate case expense			
32	Less: Property Losses	10,836	10,836	
32	Less: Incentive Plan Payouts			
33	Taxable income	606,671	630,514	
34	<u>Tax Calculation</u>			
35	Taxable income for state income tax		630,514	
36	State income tax at 54.77% of 7.3%**		25,209	
37	Subtotal		25,209	
38	Less: Deferred State ITC		2,651	
39	Federal income tax at 35%	212,335		
40	Federal and state income tax	\$212,335	\$22,558	
41	* Rate base x weighted cost of debt (excluding Investment Tax Credits).			
42	** Developed by using a five year average of actual taxable income to stand-alone taxable income.			

Schedule No. C-3.11
Calculation of Federal and State Income Taxes at Proposed Rates
Docket No.

Illinois-American Water Company
Pontiac District
Individual responsible: S.E. Cazadd

Exhibit No. 12.0
Page 9 of 9
Period Reported 1999 - 2001

Line No.	Description	Present Rates	Adjustment	Proposed Rates
1	Federal income tax	\$168,070	\$44,095	\$212,165
2	State income tax	18,523	5,247	23,770
3	The Company is adjusting its federal and state income taxes to reflect the increase in taxes resulting from the proposed increase			
4	in revenues after giving effect to the increase in the uncollectible accounts expense and the Public Utilities Invested Capital Tax expense.			
5				
6		at Proposed Rates		
		Federal	State	
7	Utility operating income	\$735,873	\$735,873	
8	Deduct:			
9	Interest costs (*)	319,044	319,044	
10	Add:			
11	Federal income tax	212,165	212,165	
12	State income tax		23,770	
13	Deferred federal income tax - accelerated depreciation	(11,630)	(11,630)	
14	Deferred state income tax - accelerated depreciation	(2,975)	(2,975)	
15	Deferred federal income tax - other	2,263	2,263	
16	Deferred state income tax - other	1,881	1,881	
17	Taxable meals and travel expenses	3,203	3,203	
18	Pension expense - FAS 87	21,097	21,097	
19	Amortization of programmed maintenance expense	12,924	12,924	
20	Amortization of investment tax credit	(6,175)	(6,175)	
21	Amortization state of investment tax credit		(745)	
22	Amortization of AFUDC reg. asset and LTUP	376	376	
	Lincoln Acquisition Adjustment			
23	Depreciation - book basis	342,934	342,934	
24	Deferred State ITC		1,445	
25	Amortization of regulatory expense	2,101	2,101	
	LT Accruals, Incentive Plan			
		578,164	602,634	
26	Deduct:			
27	Depreciation - tax basis	332,089	332,089	
28	Balance	662,904	687,374	
29	Less: Cost of Removal and proceeds adjustment for ADR/ACRS/MACRS property	7,368	7,368	
30	Less: Programmed maintenance expense	36,014	36,014	
31	Less: Rate case expense			
32	Less: Property Losses	13,336	13,336	
	Less: Incentive Plan Payouts			
		606,186	630,656	
33	Taxable income			
34	<u>Tax Calculation</u>			
35	Taxable income for state income tax		630,656	
36	State income tax at 54.77% of 7.3%**		25,215	
37	Subtotal		25,215	
38	Less: Deferred State ITC		1,445	
39	Federal income tax at 35%	212,165		
40	Federal and state income tax	\$212,165	\$23,770	
41	* Rate base x weighted cost of debt (excluding Investment Tax Credits).			
42	** Developed by using a five year average of actual taxable income to stand-alone taxable income.			

Schedule No. C-4

Reconciliation of Filed Operating Income and Expenses
Docket No.

Company Illinois-American Water Company

Exhibit No. 12.0

Total Company

Page 1 of 1

Individual responsible S. E. Cazadd

Period Reported 2001

Line
No.

1 All adjustments made to the 2001 budgeted operating income and expense statement are reflected in the
2 exhibits included in Schedule C-3.

Schedule No. C-5

Summary of Jurisdictional Allocation Factors
Docket No.

Illinois-American Water Company

Exhibit No.

12.0

Southern/Peoria/Streator/Pontiac, Champaign, Sterling, Pekin, Lincoln

Page 1 of 1

Individual responsible S. E. Cazadd

Period Reported 2001

Line
No.

1

Illinois-American Water Company is comprised of thirteen (13) separate business centers.

2

There are nine (9) separate operating districts providing water service to nine different service areas throughout the state. Those districts are: the Alton District, the Cairo District, the Interurban District, the Pekin District, the Peoria District, the Champaign District, the Streator District, the Sterling District, and the Pontiac District. For purposes of the rate case the Alton, Cairo, Interurban, and Peoria Districts have been combined and presented as the Southern/Peoria group. Information for the Southern Division, the Peoria District, Streator District and the Pontiac District is also presented on a combined basis. There are three (3) Division Offices providing support for the operating districts. The Southern Division Office provides centralized functions for the Southern Division Districts. The Northern Division Office provides centralized functions for the Pekin and Peoria Districts. This office will also provide centralized functions for the proposed service area of Lincoln. The Eastern Division Office provides centralized functions for the Champaign, Streator, Sterling and Pontiac Districts. The State Corporate Office is the administrative center for the entire state-wide operation.

6

7

8

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10

11

12

13

Allocations:

14

All necessary allocations, with the exception of Pension, Group Insurance, Payroll Taxes, Invested Capital Tax, and Federal and State Income Taxes, were made based upon the 13 month average customer levels for the year ended 12/31/2001.

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16

Revenues and direct expenses projected for the Southern Division, Pekin, Peoria, Champaign, Streator, Sterling and Pontiac did not require allocation. Expenses projected for the three other business centers of the Company did require allocation. (These three business centers do not have revenues.) Expenses projected for the Southern Division Office were allocated only to the Southern Division. Expenses projected for the Northern Division Office were allocated only to the Pekin, Lincoln and Peoria Districts based on the relative customer levels in those districts. Expenses projected for the Eastern Division Office were allocated to the Champaign, Streator, Sterling and Pontiac Districts based on the relative customer levels in those districts. The expenses of the Corporate Office were each allocated to all the Southern Division, Pekin, Peoria, Lincoln, Champaign, Streator, Sterling and Pontiac Districts based on relative customer levels. Exceptions to this general rule are listed below.

24

25

The payroll taxes and pension costs were allocated based on Labor costs.

26

Group insurance was allocated based on the number of active associates. The allocation base was determined from two separate plans. One is the existing Illinois-American plan and the other was inherited from Northern Illinois Water. The first plan's expenses were allocated to the Southern Division and Pekin, Peoria and Lincoln Districts. The second plan's expenses were allocated to the Champaign, Streator, Sterling and Pontiac Districts.

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30

The invested capital tax was allocated based on the rate base. The tax was allocated to the Southern Division and to the Pekin, Peoria, Lincoln, Champaign, Streator, Sterling and Pontiac Districts.

31

32

The allocation of current Federal and State Income Taxes for the test year was based on the amount of taxable income, prior to current income taxes, for the Southern Division, Pekin, Peoria, Lincoln, Champaign, Streator, Sterling and Pontiac Districts.

32

33

34

The allocation of deferred Federal and State Income Taxes for the test year was based on the amount of current taxes at proposed rates for the Southern Division, Pekin, Peoria, Lincoln, Champaign, Streator, Sterling and Pontiac Districts.

35

36

Allocation Statistics
Docket No.

Exhibit No. 12.0

Page 1 of 2

Period Reported 2001

1 All necessary allocations, with the exception of Pension, Group Insurance, Payroll taxes, Invested Capital Tax and Federal and State Income Taxes, were based
2 on the number of customers. The schedule below shows the calculations of the allocation percentages used to allocate expenses from the Northern Corporate
3 Office, the Eastern Corporate Office, and the State Corporate Office to the Southern Division, Peoria District, Streator District, Champaign District, Sterling District,
4 Pekin District, and the Lincoln District. The schedule also shows the calculation of the allocation percentages used to allocate the test year Pension, Group
5 Insurance, Payroll Taxes, and Federal and State Income Taxes.

9	Test year expenses of the State Corporate Office were allocated			10	Current Federal and State Income Taxes of the State Corporate		
10	to Southern/Peoria Group, Pekin, Lincoln, Champaign, Streator,			11	Office were allocated to the Southern/Peoria Group, Pekin, Lincoln		
11	Sterling, and Pontiac Districts as follows:			12	Champaign, Streator Sterling, and Pontiac Districts as follows:		
12		13 Month Average		13		Utility	
13		Number of		14		Operating Income	
14		Customers		15		Before Current	
15	District	12/31/00-12/31/01	Percent	16	District	Income Taxes	Percent
17	Southern/Peoria	136,567	61.94%	17	Southern/Peoria	\$21,162,145	72.23%
18	Pekin	13,644	6.19%	18	Pekin	1,635,158	5.58%
19	Lincoln	5,954	2.70%	19	Lincoln	871,771	2.98%
20	Champaign	45,607	20.68%	20	Champaign	3,713,716	12.68%
21	Streator	7,813	3.54%	21	Streator	647,114	2.21%
22	Sterling	6,656	3.02%	22	Sterling	468,902	1.60%
23	Pontiac	4,252	1.93%	23	Pontiac	796,750	2.72%
24				24			
25	Total	220,493	100.00%	25	Total	\$29,295,556	100.00%
26				26			
27				27			
28				28			
29				29			
30	Test year expenses of the Northern Division Office were			30	Deferred Federal and State Income Taxes of the State Corporate		
31	allocated to the three Northern districts as follows:			31	Office were allocated to th Southern/Peoria Group, Pekin, Lincoln		
32				32	Champaign, Streator Sterling, and Pontiac Districts as follows:		
33		13 Month Average		33		Proposed Rates	
34		Number of		34		Current	
35		Customers		35		Income Taxes	Percent
36	District	12/31/00-12/31/01	Percent	36	District		
37				37			
38				38			
39	Pekin	13,644	19.83%	39	Southern/Peoria	\$7,878,067	74.41%
40	Peoria	49,212	71.52%	40	Pekin	463,673	4.38%
41	Lincoln	5,954	8.65%	41	Lincoln	278,019	2.63%
42				42	Champaign	1,313,586	12.41%
43	Total	68,810	100.00%	43	Streator	234,893	2.22%
44				44	Sterling	182,385	1.72%
45	Test year expenses of the Eastern Division Office were			45	Pontiac	235,935	2.23%
46	allocated to the four Eastern districts as follows:			46			
47				47			
48		13 Month Average		48	Total	\$10,586,558	100.00%
49		Number of		49			
50		Customers		50			
51	District	12/31/00-12/31/01	Percent	51			
52				52			
53	Champaign	45,607	70.89%	53			
54	Streator	7,813	12.15%	54			
55	Sterling	6,656	10.35%	55			
56	Pontiac	4,252	6.61%	56			
57	Total	64,328	100.00%	57			

Schedule No. C-5.1

Allocation Statistics
Docket No.

Illinois-American Water Company

Exhibit No. 12.0

Southern/Peoria/Streator/Pontiac, Champaign, Sterling, Pekin, Lincoln

Page 2 of 2

Individual responsible S. E. Cazadd

Period Reported 2001

Line

No.

Payroll taxes and pension costs from the State Corporate Office were allocated to the Southern/Peoria Group, Pekin, Lincoln, Champaign, Streator Sterling, and Pontiac Districts as follows:

All Group Insurance costs from the State Corporate Office were allocated to the Southern/Peoria Group, Pekin, Lincoln, Champaign, Streator Sterling, and Pontiac Districts as follows:

District	Labor Costs	Percent
Southern/Peoria	\$11,950,069	65.40%
Pekin	876,427	4.80%
Lincoln	552,846	3.03%
Champaign	3,083,012	16.88%
Streator	701,012	3.84%
Sterling	547,695	3.00%
Pontiac	556,890	3.05%
Total	<u>\$18,267,951</u>	<u>100.00%</u>

District	Allocators	Percent
Southern/Peoria	various (1)	68.57%
Pekin	various (1)	6.85%
Lincoln	various (1)	2.99%
Champaign	various (1)	15.31%
Streator	various (1)	2.62%
Sterling	various (1)	2.23%
Pontiac	various (1)	1.43%
Total		<u>100.00%</u>

(1) combination of factors including active associates and the plan in which associates participate

Invested Capital tax from the State Corporate Office was allocated to the Southern/Peoria Group, Pekin, Lincoln, Champaign, Streator Sterling, and Pontiac Districts as follows:

District	Rate Base	Percent
Southern/Peoria	\$229,162,615	71.95%
Pekin	11,529,436	3.62%
Lincoln	8,233,777	2.59%
Champaign	46,667,814	14.65%
Streator	8,402,205	2.64%
Sterling	6,208,313	1.95%
Pontiac	8,286,857	2.60%
Total	<u>\$318,491,017</u>	<u>100.00%</u>

Schedule No. C-5.2

Explanation of Changes in Allocation Procedures
Docket No.

Illinois-American Water Company

Total Company

Individual responsible S. E. Cazadd

Exhibit No. 12.0

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Period Reported 2001

<u>Line No.</u>	<u>Group</u>	<u>Prior Allocation Procedure</u>	<u>Reason for Change</u>
1	Deferred Income Taxes	Customer Levels	Customer levels are not necessarily a good indicator of deferred taxes
2	Payroll Taxes and Pensions	Customer Levels	Customer levels are not necessarily a good indicator of payroll taxes and pensions
3	Invested Capital Tax	Customer Levels	Customer levels are not necessarily a good indicator of invested capital tax
4	Group Insurance	Customer Levels	Customer levels are not necessarily a good indicator of group insurance

Schedule No. C-6

Income Tax
Docket No.

Illinois-American Water Company

Total Company

Individual responsible S. E. Cazadd

Exhibit No. 12.0

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Period Reported 2001

Line
No.

- 1 Proforma federal and state income tax expense at proforma present rates and proposed rates for
- 2 the Southern/Peoria/Streator/Pontiac Grouping, Champaign District, Sterling District, Pekin District,
- 3 and Lincoln District, as well as individually the Southern/Peoria Grouping, the Streator District, and the
- 4 Pontiac District are calculated on Schedules C-3.8 and C-3.11, respectively.

Schedule No. C-6.1

Investment Tax Credit
Docket No.

Illinois-American Water Company

Total Company

Individual responsible S. E. Cazadd

Exhibit No. 12.0

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Period Reported 2001

Line No.	Investment Tax Credits - Pre- 1971				Job Development Tax Credits			
	Beginning Balance	Amortization	Adjustments	Ending Balance	Beginning Balance	Amortization	Current Year ITC	Ending Balance
1 1999	\$169,639	\$21,395	\$0	\$148,244	\$2,902,423	\$255,505	\$0	\$2,646,918
2 2000	148,244	21,395	0	126,849	2,646,918	255,505	0	2,391,413
3 2001	126,849	21,395	0	105,454	2,391,413	255,505	0	2,135,908

Schedule No. C-6.2

State Investment Tax Credits
Docket No.

Illinois-American Water Company

Exhibit No. 12.0

Total Company

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Individual responsible S. E. Cazadd

Period Reported 2001

Line <u>No.</u>		State Investment Tax Credits			
		<u>Beginning Balance</u>	<u>Amortization</u>	<u>Current Year ITC</u>	<u>Ending Balance</u>
1	1999	\$661,774	\$21,186	\$61,599	\$702,187
2	2000	702,187	28,800	292,770	966,157
3	2001	966,157	38,600	72,794	1,000,351

Schedule No. C-7

Social and Service Club Membership Dues
Docket No.

Illinois-American Water Company

Exhibit No. 12.0

Total Company

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Individual responsible S. E. Cazadd

Period Reported 2001

Line <u>No.</u>	Account <u>Number</u>	<u>Payee</u>	Historical Year <u>12/31/99</u>	Current Year <u>2000</u>	Projected Year <u>2001</u>
1	575000.16	None	\$0	\$0	\$0
2		Total	\$0	\$0	\$0
3	760200&760300	Other Income Deductions *	\$17	\$0	\$0
4	760500 & 760600	Non-operating Employee Expense *	\$35,899	\$28,354	\$22,757

5 * Below-the-line expenses, listed in the aggregate, have not been considered in the development of the revenue requirement.

Schedule No. C-8

Charitable Contributions
Docket No.

Illinois-American Water Company

Exhibit No. 12.0

Total Company

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Individual responsible S.E. Cazadd

Period Reported 1999 - 2001

Line No.	Account Number	Account Description	Historical Year 12/31/99	Current Year 2000	Projected Year 2001
1	575140.16	Donations			
2		American Cancer Society - Charitable Preference Program	\$8,775	\$100	\$100
3		Boy Scouts	1,825	2,300	2,500
4		Boys & Girls Club	2,500	2,200	2,230
5		Bradley University	2,700	2,700	1,200
6		Cahokia Park	0	0	0
7		Carver Community Center	0	1,000	0
8		Celebration of the Arts	0	1,500	1,500
9		Chamber of Commerce School Partnership	1,000	1,000	1,000
10		Champaign County Women's Balloon National Championship	1,000	2,500	2,500
11		Champaign-Urbana Community Schools Foundation	1,000	1,000	1,000
12		Clean Water Celebration	0	2,400	2,400
13		Common Place	1,900	1,000	0
14		Easter Seals	0	1,200	1,200
15		Girl Scouts	0	1,000	1,000
16		Great Rivers Land Trust	0	12,000	10,000
17		Jackie-Joyner Kersee Youth Center Foundation	2,000	1,500	1,500
18		Junior Achievement	8,095	8,380	8,505
19		Madison County Extention Education Foundation	0	1,200	1,230
20		March Madness III High School Basketball Tourneys	10,000	10,000	10,000
21		March of Dimes	900	1,275	1,320
22		PARC	1,000	1,000	0
23		Parkland College Scholarship Fund	1,000	2,000	2,000
24		Peoria Riverfront	0	0	1,000
25		Salvation Army	17,488	24,550	24,550
26		Sterling High School Centennial Auditorium	1,500	0	0
27		Sun Foundation	3,000	3,025	3,050
28		SW Illinois Leadership Council Investment Drive	0	5,001	5,001
29		The Park Vision Foundation	0	1,030	1,000
30		United Way	21,814	47,076	49,521
31		University of Illinois	3,812	3,690	3,690
32		Water for People	879	999	999
33		Y.M.C.A.	6,550	1,000	950
34		Y.W.C.A.	124	0	0
35		Numerous donations under \$1,000	31,156	35,174	34,147
36		Total Donations	\$130,018	\$178,800	\$175,093

Schedule No. C-8

Charitable Contributions
Docket No.

Illinois-American Water Company

Exhibit No. 12.0

Southern Division / Peoria / Streator / Pontiac

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Individual responsible S.E. Cazadd

Period Reported 1999 - 2001

Line No.	Account Number	Account Description	Historical Year 12/31/99	Current Year 2000	Projected Year 2001
1	575140.16	Donations			
2		American Cancer Society - Charitable Preference Program	\$525	\$50	\$50
3		Boy Scouts	1,825	2,250	2,450
4		Boys & Girls Club	100	0	0
5		Bradley University	2,700	2,700	1,200
6		Cahokia Park	0	0	0
7		Carver Community Center	0	1,000	0
8		Celebration of the Arts	0	1,000	1,000
9		Chamber of Commerce School Partnership	0	0	0
10		Champaign County Women's Balloon National Championship	0	0	0
11		Champaign-Urbana Community Schools Foundation	0	0	0
12		Clean Water Celebration	0	2,400	2,400
13		Common Place	1,900	1,000	0
14		Easter Seals	0	1,200	1,200
15		Girl Scouts	0	1,000	1,000
16		Great Rivers Land Trust	0	12,000	10,000
17		Jackie-Joyner Kersee Youth Center Foundation	2,000	1,500	1,500
18		Junior Achievement	7,595	7,880	7,990
19		Madison County Extention Education Foundation	0	1,200	1,230
20		March Madness III High School BasketballTournneys	6,741	6,741	6,741
21		March of Dimes	900	1,275	1,320
22		PARC	1,000	1,000	0
23		Parkland College Scholarship Fund	0	0	0
24		Peoria Riverfront	0	0	1,000
25		Salvation Army	11,822	16,598	16,598
26		Sterling High School Centennial Auditorium	0	0	0
27		Sun Foundation	2,500	2,500	2,500
28		SW Illinois Leadership Council Investment Drive	0	3,371	3,371
29		The Park Vision Foundation	0	1,030	1,000
30		United Way	18,401	36,078	37,193
31		University of Illinois	400	278	278
32		Water for People	66	673	673
33		Y.M.C.A.	6,550	850	800
34		Y.W.C.A.	24	0	0
35		Numerous donations under \$1,000	25,528	28,774	27,717
36		Total Donations	\$90,577	\$134,348	\$129,211

Schedule No. C-8

Charitable Contributions
Docket No.

Illinois-American Water Company

Exhibit No. 12.0

Champaign District

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Individual responsible S.E. Cazadd

Period Reported 1999 - 2001

Line No.	Account Number	Account Description	Historical Year 12/31/99	Current Year 2000	Projected Year 2001
1	575140.16	Donations			
2		American Cancer Society - Charitable Preference Program	\$8,200	\$0	\$0
3		Boy Scouts	0	0	0
4		Boys & Girls Club	1,000	1,000	1,000
5		Bradley University	0	0	0
6		Cahokia Park	0	0	0
7		Carver Community Center	0	0	0
8		Celebration of the Arts	0	0	0
9		Chamber of Commerce School Partnership	1,000	1,000	1,000
10		Champaign County Women's Balloon National Championship	1,000	2,500	2,500
11		Champaign-Urbana Community Schools Foundation	1,000	1,000	1,000
12		Clean Water Celebration	0	0	0
13		Common Place	0	0	0
14		Easter Seals	0	0	0
15		Girl Scouts	0	0	0
16		Great Rivers Land Trust	0	0	0
17		Jackie-Joyner Kersee Youth Center Foundation	0	0	0
18		Junior Achievement	0	0	0
19		Madison County Extension Education Foundation	0	0	0
20		March Madness III High School BasketballTournaments	2,068	2,068	2,068
21		March of Dimes	0	0	0
22		PARC	0	0	0
23		Parkland College Scholarship Fund	1,000	2,000	2,000
24		Peoria Riverfront	0	0	0
25		Salvation Army	3,596	5,046	5,046
26		Sterling High School Centennial Auditorium	0	0	0
27		Sun Foundation	0	0	0
28		SW Illinois Leadership Council Investment Drive	0	1,034	1,034
29		The Park Vision Foundation	0	0	0
30		United Way	620	9,120	9,420
31		University of Illinois	2,977	2,977	2,977
32		Water for People	709	207	207
33		Y.M.C.A.	0	0	0
34		Y.W.C.A.	0	0	0
35		Numerous donations under \$1,000	3,193	3,264	4,264
36		Total Donations	\$26,363	\$31,216	\$32,516

Schedule No. C-8

Charitable Contributions
Docket No.

Illinois-American Water Company

Exhibit No. 12.0

Sterling District

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Individual responsible S.E. Cazadd

Period Reported 1999 - 2001

Line No.	Account Number	Account Description	Historical Year 12/31/99	Current Year 2000	Projected Year 2001
1	575140.16	Donations			
2		American Cancer Society - Charitable Preference Program	\$0	\$0	\$0
3		Boy Scouts	0	0	0
4		Boys & Girls Club	0	0	0
5		Bradley University	0	0	0
6		Cahokia Park	0	0	0
7		Carver Community Center	0	0	0
8		Celebration of the Arts	0	0	0
9		Chamber of Commerce School Partnership	0	0	0
10		Champaign County Women's Balloon National Championship	0	0	0
11		Champaign-Urbana Community Schools Foundation	0	0	0
12		Clean Water Celebration	0	0	0
13		Common Place	0	0	0
14		Easter Seals	0	0	0
15		Girl Scouts	0	0	0
16		Great Rivers Land Trust	0	0	0
17		Jackie-Joyner Kersee Youth Center Foundation	0	0	0
18		Junior Achievement	0	0	0
19		Madison County Extension Education Foundation	0	0	0
20		March Madness III High School Basketball Tourneys	302	302	302
21		March of Dimes	0	0	0
22		PARC	0	0	0
23		Parkland College Scholarship Fund	0	0	0
24		Peoria Riverfront	0	0	0
25		Salvation Army	525	737	737
26		Sterling High School Centennial Auditorium	1,500	0	0
27		Sun Foundation	0	0	0
28		SW Illinois Leadership Council Investment Drive	0	151	151
29		The Park Vision Foundation	0	0	0
30		United Way	1,191	291	1,291
31		University of Illinois	435	435	435
32		Water for People	104	30	30
33		Y.M.C.A.	0	0	0
34		Y.W.C.A.	0	0	0
35		Numerous donations under \$1,000	244	1,209	209
36		Total Donations	\$4,301	\$3,155	\$3,155

Schedule No. C-8

Charitable Contributions
Docket No.

Illinois-American Water Company

Exhibit No. 12.0

Pekin District

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Individual responsible S.E. Cazadd

Period Reported 1999 - 2001

Line No.	Account Number	Account Description	Historical Year 12/31/99	Current Year 2000	Projected Year 2001
1	575140.16	Donations			
2		American Cancer Society - Charitable Preference Program	\$50	\$50	\$50
3		Boy Scouts	0	50	50
4		Boys & Girls Club	1,400	1,200	1,230
5		Bradley University	0	0	0
6		Cahokia Park	0	0	0
7		Carver Community Center	0	0	0
8		Celebration of the Arts	0	500	500
9		Chamber of Commerce School Partnership	0	0	0
10		Champaign County Women's Balloon National Championship	0	0	0
11		Champaign-Urbana Community Schools Foundation	0	0	0
12		Clean Water Celebration	0	0	0
13		Common Place	0	0	0
14		Easter Seals	0	0	0
15		Girl Scouts	0	0	0
16		Great Rivers Land Trust	0	0	0
17		Jackie-Joyner Kersee Youth Center Foundation	0	0	0
18		Junior Achievement	500	500	515
19		Madison County Extention Education Foundation	0	0	0
20		March Madness III High School BasketballTournneys	619	619	619
21		March of Dimes	0	0	0
22		PARC	0	0	0
23		Parkland College Scholarship Fund	0	0	0
24		Peoria Riverfront	0	0	0
25		Salvation Army	1,076	1,510	1,510
26		Sterling High School Centennial Auditorium	0	0	0
27		Sun Foundation	500	525	550
28		SW Illinois Leadership Council Investment Drive	0	310	310
29		The Park Vision Foundation	0	0	0
30		United Way	1,521	1,506	1,536
31		University of Illinois	0	0	0
32		Water for People	0	62	62
33		Y.M.C.A.	0	150	150
34		Y.W.C.A.	100	0	0
35		Numerous donations under \$1,000	1,956	1,319	1,334
36		Total Donations	\$7,722	\$8,301	\$8,416

Schedule No. C-8

Charitable Contributions
Docket No.

Illinois-American Water Company

Exhibit No. 12.0

Lincoln District

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Individual responsible S.E. Cazadd

Period Reported 1999 - 2001

Line No.	Account Number	Account Description	Historical Year 12/31/99	Current Year 2000	Projected Year 2001
1	575140.16	Donations			
2		American Cancer Society - Charitable Preference Program	\$0	\$0	\$0
3		Boy Scouts	0	0	0
4		Boys & Girls Club	0	0	0
5		Bradley University	0	0	0
6		Cahokia Park	0	0	0
7		Carver Community Center	0	0	0
8		Celebration of the Arts	0	0	0
9		Chamber of Commerce School Partnership	0	0	0
10		Champaign County Women's Balloon National Championship	0	0	0
11		Champaign-Urbana Community Schools Foundation	0	0	0
12		Clean Water Celebration	0	0	0
13		Common Place	0	0	0
14		Easter Seals	0	0	0
15		Girl Scouts	0	0	0
16		Great Rivers Land Trust	0	0	0
17		Jackie-Joyner Kersee Youth Center Foundation	0	0	0
18		Junior Achievement	0	0	0
19		Madison County Extension Education Foundation	0	0	0
20		March Madness III High School Basketball Tourneys	270	270	270
21		March of Dimes	0	0	0
22		PARC	0	0	0
23		Parkland College Scholarship Fund	0	0	0
24		Peoria Riverfront	0	0	0
25		Salvation Army	469	659	659
26		Sterling High School Centennial Auditorium	0	0	0
27		Sun Foundation	0	0	0
28		SW Illinois Leadership Council Investment Drive	0	135	135
29		The Park Vision Foundation	0	0	0
30		United Way	81	81	81
31		University of Illinois	0	0	0
32		Water for People	0	27	27
33		Y.M.C.A.	0	0	0
34		Y.W.C.A.	0	0	0
35		Numerous donations under \$1,000	235	608	623
36		Total Donations	\$1,055	\$1,780	\$1,795

Schedule No. C-9

Demonstration and Selling, Advertising and Miscellaneous Sales Expense
Docket No.

Illinois-American Water Company

Exhibit No. 12.0

Total Company

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Individual responsible S. E. Cazadd

Period Reported 1999-2001

Line
No.

1

Not Applicable

Schedule No. C-10
Civil, Political and Related Activities
Docket No.

Illinois-American Water Company
Total Company
Individual responsible S. E. Cazadd

Exhibit No. 12.0
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Period Reported 1999-2001

<u>Line No.</u>	<u>Object Number</u>	<u>Account Description</u>	<u>Historical Year 1999</u>	<u>Current Year 2000</u>	<u>Projected Year 2001</u>
1	575560.16	Lobbyist Registration Fee	\$458	\$450	\$462
2	760400	Other Lobbying Expense	\$4,200	\$10,000	\$10,000

Schedule No. C-11

Rate Case Expense
Docket No.

Illinois-American Water Company

Total Company

Individual responsible S. E. Cazadd

Exhibit No. 12.0

Page 1 of 1

Period Reported 1999 - 2001

Line No.		Actual Prior Case No. 97-0102	Estimated Current Case
1	Legal Fees and Expenses	\$399,304	\$150,000
2	Cost of Service Study Consultant	75,264	25,000
3	C. P. A. Review	50,885	51,000
4	Depreciation Study	0	36,288
5	Rate of Return Consultant	9,510	33,840
6	Miscellaneous	10,046	45,000
7	Total	\$545,009	\$341,128

Schedule No. C-12

Total Payroll Costs
Docket No.

Illinois-American Water Company

Total Company

Individual responsible S. E. Cazadd

Exhibit No. 12.0

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Period Reported 1999 - 2001

Line No.	Major Account Grouping	Historical Year <u>12/31/99</u>	Current Year <u>2000</u>	Projected Year <u>2001</u>
1	Production	\$3,501,955	\$3,602,074	\$3,537,410
2	Distribution	2,242,966	1,058,218	1,081,619
3	Commercial	4,107,054	4,771,390	4,902,191
4	Administrative and general	4,240,996	4,062,057	4,175,895
5	Maintenance	4,628,337	4,420,679	4,570,836
6	Construction and other	2,145,596	2,512,003	2,483,686
7	Total payroll costs	\$20,866,904	\$20,426,421	\$20,751,637

Schedule No. C-12

Total Payroll Costs
Docket No.

Illinois-American Water Company

Exhibit No. 10.0

All Districts

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Individual responsible S. E. Cazadd

Period Reported 1999-2001

TEST YEAR 2001

Line	Major Account		Peoria	Pekin	Lincoln	Champaign	Streator	Sterling	Pontiac	Total
<u>No.</u>	<u>Grouping</u>	<u>Southern Div</u>	<u>District</u>	<u>District</u>	<u>District</u>	<u>District</u>	<u>District</u>	<u>District</u>	<u>District</u>	<u>Company</u>
1	Production	\$1,523,390	\$605,088	\$26,124	\$32,325	\$819,142	\$230,569	\$111,693	\$189,079	\$3,537,410
2	Distribution	625,616	225,681	17,391	43,062	117,966	35,506	8,134	8,263	1,081,619
3	Commercial	1,888,331	1,603,724	322,058	161,687	665,704	104,449	93,160	63,078	4,902,191
4	Administrative and general	1,633,201	936,020	284,997	125,832	645,775	213,322	193,185	143,563	4,175,895
5	Maintenance	2,078,219	1,047,684	247,263	157,266	599,230	129,559	151,946	159,669	4,570,836
6	Construction and other	779,498	696,441	242,738	61,342	467,950	95,699	72,094	67,924	2,483,686
7	Total payroll costs	<u>\$8,528,255</u>	<u>\$5,114,638</u>	<u>\$1,140,571</u>	<u>\$581,514</u>	<u>\$3,315,767</u>	<u>\$809,104</u>	<u>\$630,212</u>	<u>\$631,576</u>	<u>\$20,751,637</u>

Schedule No. C-13

Summary of Affiliated Interest Transactions
Docket No.

Illinois-American Water Company

Exhibit No. 12.0

Total Company

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Individual responsible S. E. Cazadd

Period Reported 1999

<u>Line No.</u>	<u>Transaction Period</u>	<u>Company</u>	<u>Explanation</u>	<u>Amount</u>
1	Year Ended	American Water Works Service Co., Inc.	Charges incurred under contract approved	
2	12/31/99		in Docket No. 88-0303 for:	
3			Services & Expenses:	
4			General	700,040.00
5			Information Systems/Customer Billing & Accounting	8,148.00
6			Water Quality	280,275.00
7			State Income Tax - 1998	(17,266.00)
8			Ancillary Charges:	
9			Water Treatment Issues and Research	126,410.00
10			Personnel Education & Development	4,323.00
11			Construction and Other Capitalized Costs	379,239.82
12			Other Income Deductions	43.09
13			ESOP Contribution	207,974.10
14		American Water Works, Inc.	Federal Income Tax - 1999	6,946,439.00
15		American Commonwealth Co.	Carbon Lease (Docket No. 95-0037)	39,078.00
16		American Anglian Environmental	Carbon Lease (Docket No. 95-0037)	192,280.00
17		Occoquan Land Corporation	State Income Tax - 1998	(850.00)
18				
19				
20			Charges incurred under contract approved	
21			in Docket No. 85-0292	
22			Services & Expenses:	
23		United Water	General	334,905.00
24			Information Systems/Customer Billing & Accounting	49,360.91
25			Interest Expense, net	328,141.00
26				
27				
28				
29		United Water Regional - Jefferson City, MO	Services & Expenses:	
30			General	38,570.00
31				
32				
33		United Water Regional - Boise, ID	Services & Expenses:	
34			General	3,681.00
35				
36			Charges incurred under contract approved	
37			in Docket No. 87-0298, assigned in Docket No. 90-0332	
38			Services & Expenses:	
39		Water Utility Service Co.	General	141,417.00
40			Information Systems/Customer Billing & Accounting	74,147.80
41			Water Quality	37,733.00
42			Merger Related Costs	265,018.00
43				
44				
45		Continental Water Company	Interest Income	(84,863.80)
46			Federal Income Tax - 1999	656,618.00
47			Federal Income Tax - 1998	106,869.00
48				
49				
50			Charges incurred under contract approved	
51			in Docket No. 99-0361	
52			Services & Expenses:	
53		American Water Service Co.	General	50,515
54			Information Systems/Customer Billing & Accounting	15,642
55			Water Quality	5,015
56				

Schedule No. C-14

Computation of the Gross Revenue Conversion Factor
Docket No.

Illinois-American Water Company

Exhibit No. 12.0

Total Company

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Individual responsible S. E. Cazadd

Period Reported 1999 - 2001

Line
No.

1 By changing common equity from present to proposed rates to include an increase in retained earnings due
 2 to the rate increase, the weighted cost of debt used to determine the amount of interest cost deducted in the
 3 income tax calculation changes from present to proposed rates. This change in the interest cost affects the
 4 calculation of the gross revenue conversion factor on both a before-tax and after-tax basis since interest cost
 5 affects both the amount of taxable income and the level of UOI required. Therefore, it is necessary to
 6 consider the change in synchronized interest before calculating the income tax portion of the gross revenue
 7 conversion factor. Then, once income taxes have been taken into consideration, it is necessary to reflect the
 8 UOI effect of this change in interest expense to determine the final gross revenue conversion factor.
 9 The calculations below illustrate the above relationships and the resulting calculation of the gross revenue
 10 conversion factor.

11	Increase in operating revenues	\$8,956,992	\$1.000000
12	Less:		
13	Increase in uncollectible accounts expense	58,821	0.006567
14	Increase in synchronized interest expense	(29,873)	(0.003335)
15	Increase in utility invested capital tax expense	<u>9,687</u>	<u>0.001082</u>
16	Income before state income tax	8,918,357	0.995686
17	State income tax at		
18	(54.77% of 7.3%) or 3.9982%	<u>356,569</u>	<u>0.039809</u>
19	Income before federal income tax	8,561,788	0.955877
20	Federal income tax at 35%	<u>2,996,368</u>	<u>0.334528</u>
21	Operating income before interest	5,565,420	0.621349
22	Add: Increase in interest costs	<u>(29,873)</u>	<u>(0.003335)</u>
23	Increase in operating income	<u>\$5,535,547</u>	<u>\$0.618014</u>
24	Gross revenue conversion factor		
25	(Line 11/Line 23)	1.61809	1.61809

Schedule No. C-15

Comparative Income Statement for the Five Most Recent Calendar Years
Docket No.

Illinois-American Water Company	Exhibit No.	12.0
Traditional Illinois-American Districts	Page 1 of 2	
Individual responsible S. E. Cazadd	Period Reported	1995 - 1999

Line No.		1995	1996	1997	1998	1999
1	Operating Revenues	\$59,480,194	\$64,762,178	\$65,151,213	\$72,900,112	\$74,362,555
2	Operating Expenses					
3	Operation expenses	26,446,548	27,661,538	27,020,172	31,130,467	33,326,391
4	Maintenance expenses	5,022,774	5,650,460	5,664,584	2,691,584	2,971,680
5	Depreciation	7,661,485	8,275,742	9,134,059	10,015,783	10,780,812
6	Amortization	68,877	79,859	96,014	111,408	126,138
7	General taxes	3,058,472	3,162,151	2,987,701	3,343,345	3,959,419
8	State income taxes	658,873	640,748	612,322	615,119	818,992
9	Federal income taxes	3,407,989	4,578,324	4,875,884	6,463,932	5,457,469
10	Total operating expenses	46,325,018	50,048,822	50,390,736	54,371,638	57,440,901
11	Utility Operating Income	13,155,176	14,713,356	14,760,477	18,528,474	16,921,654
12	Income from merchandising and contract work	147,153	41,088	55,792	56,087	89,399
13	Non-operating rental income	4,398	3,600	4,440	4,026	3,600
14	Interest and dividend income	105,842	226,052	24,295	221,228	655,491
15	Miscellaneous non-operating income	188,548	329,481	641,014	157,265	1,010,670
16	Total other income	445,941	600,221	725,541	438,606	1,759,160
17	Miscellaneous amortization	4,379	(2,236)	(4,279)	(4,280)	(4,424)
18	Other deductions	117,800	126,208	45,221	126,307	502,724
19	Net income before interest charges	13,478,938	15,189,605	15,445,076	18,845,053	18,182,514
20	Interest charges					
21	Interest on long-term debt	5,734,495	5,621,292	5,610,512	6,107,875	6,997,872
22	Amortization of debt discount and expense	114,060	113,829	114,672	139,794	177,421
23	Other interest expense	132,210	2,063	484,926	236,118	113,112
24	Interest charged to construction - credit	(88,151)	(30,263)	(467,008)	(93,897)	(422,032)
25	Total interest charges	5,892,614	5,706,921	5,743,102	6,389,890	6,866,373
26	Net Income	<u>\$7,586,324</u>	<u>\$9,482,684</u>	<u>\$9,701,974</u>	<u>\$12,455,163</u>	<u>\$11,316,141</u>

Schedule No. C-15

Comparative Income Statement for the Five Most Recent Calendar Years
Docket No.

Illinois-American Water Company

Exhibit No.

12.0

Traditional Northern Illinois Water Districts

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Individual responsible S. E. Cazadd

Period Reported

1995 - 1999

Line No.		1995	1996	1997	1998	1999
1	Operating Revenues	\$19,731,484	\$20,993,423	\$21,298,935	\$22,554,455	\$22,968,317
2	Operating Expenses					
3	Operation expenses	9,637,363	10,675,735	10,743,043	10,929,215	13,103,136
4	Maintenance expenses	0	0	0	0	0
5	Depreciation	1,953,724	2,008,313	2,088,266	2,441,693	2,690,256
6	Amortization	158,444	158,456	158,468	11,072	11,076
7	General taxes	1,252,091	1,160,988	1,193,166	1,291,787	1,295,023
8	State income taxes	178,511	180,856	375,264	257,081	245,534
9	Federal income taxes	1,493,694	1,646,147	1,373,983	1,873,817	1,247,404
10	Total operating expenses	14,673,827	15,830,495	15,932,190	16,804,665	18,592,429
11	Utility Operating Income	5,057,657	5,162,928	5,366,745	5,749,790	4,375,888
12	Income from merchandising and contract work	18,974	10,160	19,031	16,439	0
13	Non-operating rental income	0	0	0	0	0
14	Interest and dividend income	122,080	24,275	127,740	143,222	65,236
15	Miscellaneous non-operating income	33,415	62,434	142,469	40,771	85,607
16	Total other income	174,469	96,869	289,240	200,432	150,843
17	Miscellaneous amortization	0	0	0	0	0
18	Other deductions	0	0	0	0	0
19	Net income before interest charges	5,232,126	5,259,797	5,655,985	5,950,222	4,526,731
20	Interest charges					
21	Interest on long-term debt	2,367,510	2,100,624	2,218,002	2,158,907	2,096,197
22	Amortization of debt discount and expense	70,387	61,729	109,123	122,146	126,242
23	Other interest expense	0	0	0	0	4,954
24	Interest charged to construction - credit	0	0	0	0	0
25	Total interest charges	2,437,897	2,162,353	2,327,125	2,281,053	2,227,393
26	Net Income	<u>\$2,794,229</u>	<u>\$3,097,444</u>	<u>\$3,328,860</u>	<u>\$3,669,169</u>	<u>\$2,299,338</u>